





# The week in London and New York

## Little things mean a lot

ONLOOKER

Equities dropped over nine points on Monday which took them into new low ground for 1976. There was a modest attempt at a rally on Thursday but yesterday—in this trading ahead of the long week-end—the 30-Share index was down to yet another new low. On the week the market has shed 18.8 points and at 352.0 is now back to a level touched when equities were rising sharply in April 1975. The latest money supply figures with their implications for a rise in interest rates have created most of this latest bearishness; but the drought is not helping.

The downturn in share prices has been just as widespread among the second line of equities as the first. The FT quoted industrials in the three days to Wednesday running nearly five to one ahead of rises. On the blue-chip board General Electric has been one of the worst performers since the rally of mid-July with stocks like Beecham and Courtauld not far behind. In contrast AP Cement (see later story) has outperformed the market strongly despite profit taking yesterday. Sterling has shed nearly a cent this week and gilts have eased lower though with far less drama than in equities.

### Jobbing back

There was obvious relief in the Stock Exchange on Wednesday when Smith Bros. met its profit forecast (and maintained the dividend) though none of it managed to wash over on to the share price. At 38p, Smith is two-fifths below its 1976 peak, while Akroyd and Smithers—the other publicly quoted jobbing firm—has also noticeably underperformed the market this year. If dealing volume stays at present rock bottom levels the earnings outlook for both companies is at best uncertain.

Smith runs an all-equity book and with the departure of Wedd Durlacher from the Kaffir pitch is also the sole London dealer in gold shares; despite the collapse of this market Smith reckons it is still making some kind of a profit. The firm has a reputation for deftness as a trader and its earnings record is good. But Smith must have had its work cut out to scrape home in 1975-76 with profits of £13,000 pre-tax, against £13m. Turnover actually finished ahead, helped by the addition of a couple of new pitches in financials (insurance and property) and textiles. But when Smith's financial year closed at the end of April, volume was beginning to look very sick, and

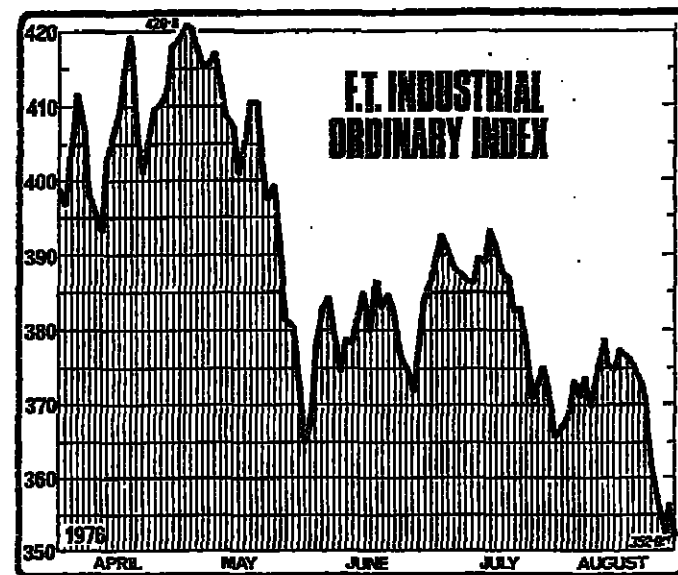
just two trading days later the equity market touched its 1976 peak. Equity turnover is currently running some 45 per cent. lower than December's levels, while on their present course bargains marked for the third quarter of 1976 look like emerging a fifth below those for the second quarter. Activity in gilts, which had built up dramatically in the four months from August, 1975, has slumped from £6.5m. pre-tax in the six months to March owed much to the performance of its gilt book. Still Akroyd's useful dividend cover and wider equity/gilts trading spread underpins a yield of 11.4 per cent. At Smith the return is 17.3 per cent.

### Food for thought

Impressive figures from three food retailers this week failed to catch the market's imagination and the shares of Associated Dairies, Nurdin and Peacock and F. J. Wallis have all shared in the general downturn. Asda, with a 51 per cent. jump in pre-tax profits to £14.7m., probably topped most outside estimates. Even allowing for six new stores, a sales advance of 45 per cent. takes in a sharp increase in volume against a very dull industry performance, and confirms Asda's position as the sector's leading light. Earnings this year could rise by a third to 20p, giving a prospective p/e of 9.1 at 194p.

Elsewhere, Nurdin and Peacock's interim profits rose by 96 per cent. pre-tax aided by interest savings from last year's rights. The cash-and-carry trade faces some overcapacity but Nurdin is expected to gain market share and outperform the average. Supermarket retailer Wallis produced an interim profit rise of 20 per cent. pre-tax, but the performance was accompanied by a caveat—competition in increasing. But net margins have been maintained at 4 per cent., which is one of the best returns to be found among the food retailers.

On the whole the outlook for food retailers is encouraging. The trend in food volume is improving—second-quarter 1976 volume dropped 2 per cent. after a first-quarter decline of 6 per cent.—and the cost picture is getting brighter. Wage inflation is easing and the pressures on the industry's gross margins should soon start



to diminish. At the same time food prices are expected to stay in a fairly marked upward trend, thanks partly to the drought.

### Property punt

Property Property is once again a hot favourite with the punters and the shares (which closed yesterday at 60p) have now more than doubled since the start of June. Speculation centres presently on a stake in Peacock held by the troubled merchant bank Edward Bates. If the bank is forced to divest, so the rumours go, a large slice of Peacock could find its way into the hands of a predator. But Bates holds just 5 per cent. of Peacock. Just what any potential bidder would have to pay for Peacock is impossible to assess since the company is

### APCM's mixer

Thursday's figures from Associated Portland Cement—profits up 27 per cent. pre-tax to £24.2m.—for the first half of 1976—contained no surprises. Volume in the U.K. market is still very depressed but selling off by higher selling prices and a strong performance overseas. The 6.8 per cent. fall in deliveries announced for the period (against an industry decline of 54 per cent.) suggests some loss of market share but it is worth remembering that APCM's deliveries are only 6 per cent. down on the first half of 1974 while the industry figures have fallen by around 11 per cent. since then.

Demand for cement has remained weak in the current six months but with the overseas interests, which account for more than half of profits, still pushing ahead and a 15 per cent. U.K. cement price rise scheduled for the autumn APCM should be capable of overall profits growth. A pre-tax rise of maybe 15 per cent. to £48.4m. looks possible; the shares yield 7.4 per cent. in line with Rugby Portland

traditionally shy, and little is known about the quality and spread of its portfolio.

The company is notoriously slow in publishing its results. But as far as can be judged from the latest accounts for the year to June 1975, and last month's doubling of pre-tax profits for the first half of 1975-76, Peacock could be over the worst of the recession. It

appears to have successfully extricated itself from the pessimistic Euston Station development and secured adequate long term finance to fund its Lyons office block and Canary Street developments. After two years of nominal dividends it is planning to pay a maximum 2.19p per share this year which will provide a yield of 5.6 per cent. at 60p. Peacock is still highly geared—total debt of £22.3m. compares with shareholder's funds of £24.5m., after allowing for an £8.2m. surplus on its property revaluation—which probably explains why the shares stand at a 48 per cent. discount to equity assets.

### THE TOP PERFORMING SECTORS IN FOUR WEEKS FROM JULY 29th

	% change
Hire Purchase	+3.9
Insurance (Composite)	+0.3
Merchant Banks	+0.2
Building Materials	+0.4
Contracting, Construction	+1.1
Newspapers, Publishing	+2.7
All-Share Index	+4.7

### THE WORST PERFORMERS

Tobacco	-6.7
Breweries	-7.5
Electricals	-7.6
Wine & Spirits	-8.0
Engineering (Heavy)	-10.1

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### U.K. INDICES

Average week to	Aug. 27	Aug. 20	Aug. 13
FINANCIAL TIMES			
Govt. Secs.	61.66	62.20	62.15
Fixed Interest	61.42	61.92	61.61
Industrial Ord.	355.8	374.7	374.7
Gold Mines	83.7	93.2	101.7
Dealings mld.	4,484	4,417	4,733
FT ACTUARIES			
Capital Gds.	134.12	140.54	140.46
Consumer (Durable)	114.57	121.23	121.33
Cons. (Non-Durable)	124.66	141.45	142.63
Ind. Group	139.50	146.51	147.07
500-Share	155.51	163.16	163.88
Financial Gp.	119.75	124.99	124.48
All-Share	146.07	152.96	153.35
20-year Govt.	47.92	48.54	48.54
Red. Debs.	49.72	50.27	50.19

### MARKET HIGHLIGHTS OF THE WEEK

	Price	Change on	1976	1976
	Yday	Week	High	Low
F.T. Ind. Ord. Index	352.0	-18.8	420.8	352.0
F.T. Gold Mines Index	84.7	-5.6	246.9	78.8
Exchange 131 1/2 1976	494 1/2	-1	495 1/2	493 1/2
Decca	194	-18	293	194
Hawker Siddeley	388	-18	490	354
Heath (C.E.)	366	-36	434	264
Hoover "A"	265	-20	348	265
ICI	327	-18	402	327
Jordan (Thos.)	24	+5	24	10
Monroe and Garton	161	+12	181	122
Marivalde Cons.	36	-14	231	30
Montague Boston Warrants	14	-9	42	16
Moran Tea	135	+25	135	95
Oil Exploration	91	+6	91	58
RTZ	173	-12	239	173
Shell Transport	390	-24	462	378
Standard Chartered	330	-20	494	330
Thermal Syndicate	80	+6	94 1/2	35
Unilever	234	-12	294	220
Weyburn Engineering	298	-28	366	150

### TV Radio

Northern Ireland—3.55-4.40 p.m. Golf: The Carrolls Irish Open Championship. 3.55-4.15 p.m. Northern Ireland: 1.35-2.00 p.m. News and Weather for Northern Ireland.

**BBC 2**

9.05 a.m. Mr. Benn. 9.20 Scooby-Doo (cartoon). 10.00 On the Move. 10.10 Charlie Chaplin in "Shanghaied". 10.30 Weather. 10.40 Cricket: England v. West Indies: The Prudential Trophy. 12.30 p.m. Grandstand: Football Focus (1.15, 1.30, 1.45, 1.50, 2.00, 2.15, 2.30, 2.45, 2.55, 3.00, 3.15, 3.30, 3.45, 3.55, 4.00, 4.15, 4.30, 4.45, 4.55, 5.00, 5.15, 5.30, 5.45, 5.55, 6.00, 6.15, 6.30, 6.45, 6.55, 7.00, 7.15, 7.30, 7.45, 7.55, 8.00, 8.15, 8.30, 8.45, 8.55, 9.00, 9.15, 9.30, 9.45, 9.55, 10.00, 10.15, 10.30, 10.45, 10.55, 11.00, 11.15, 11.30, 11.45, 11.55, 12.00, 12.15, 12.30, 12.45, 12.55, 1.00, 1.15, 1.30, 1.45, 1.55, 2.00, 2.15, 2.30, 2.45, 2.55, 3.00, 3.15, 3.30, 3.45, 3.55, 4.00, 4.15, 4.30, 4.45, 4.55, 5.00, 5.15, 5.30, 5.45, 5.55, 6.00, 6.15, 6.30, 6.45, 6.55, 7.00, 7.15, 7.30, 7.45, 7.55, 8.00, 8.15, 8.30, 8.45, 8.55, 9.00, 9.15, 9.30, 9.45, 9.55, 10.00, 10.15, 10.30, 10.45, 10.55, 11.00, 11.15, 11.30, 11.45, 11.55, 12.00, 12.15, 12.30, 12.45, 12.55, 1.00, 1.15, 1.30, 1.45, 1.55, 2.00, 2.15, 2.30, 2.45, 2.55, 3.00, 3.15, 3.30, 3.45, 3.55, 4.00, 4.15, 4.30, 4.45, 4.55, 5.00, 5.15, 5.30, 5.45, 5.55, 6.00, 6.15, 6.30, 6.45, 6.55, 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## Your savings and investments

## A whiff of grapeshot

BY CHRISTOPHER HILL

ALL in the stock market was like a whiff of grapeshot. Many investors had felt nervous week that there was a reason for the basic trend to change and a sharp upturn was likely as soon as the autumn. In the event a sharp fall occurred amid worries about the rising trade figures and the rise in the money market with the result that the market was left in a state of uncertainty.

The market's reaction to the rise in the money market was a basic disbelief that the end of the road had been reached. For example, the price of M and G, which had been a good deal higher, fell sharply.

It is at least on the part of managers there does seem to be a basic disbelief that the end of the road had been reached. For example, the price of M and G, which had been a good deal higher, fell sharply.

Save and Prosper is taking much the same view in that it feels that the market has been depressed by low volume and psychological factors and that nothing much has happened to change the fundamental situation this week.

Liquidity has been marginally increased in its world as the recovery of the U.S. market is looking for an upturn in the U.K. market this autumn.

Of course there are views that one is now finding a definite distinction between the attitudes of various classes of institutions. A few years ago one used to take the unit trust industry as the most significant factor in institutional investment.

This was not because it was the most flexible in terms of liquidity and the use of its capital. One wonders now whether the initiative has not passed to the insurance companies and pension funds as the major determinants of stockmarket movements.

At the moment they seem distinctly chary of U.K. equities. In line with any upturn in the rest of the world. Here all eyes tend to look to the U.S. for a lead and Mr. Fuller is looking at the recent strong performance of the bond market and parallel trend towards lower interest rates.

On this basis he is looking for an upturn in the U.K. market this autumn. I find it particularly interesting that one is now finding a definite distinction between the attitudes of various classes of institutions.

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## Taking the short view

BY TERRY GARRETT

A SHARP increase in the money supply figures for the month to mid-July has stimulated speculation about the authorities' thinking on interest rates and what may be in prospect for the fixed interest market. The lack of any significant gilt sales over the past couple of months and the weakness of sterling leads many followers of the market to expect a repetition of last autumn's events when interest rates had to be pushed up to reverse the buying of gilts.

The possibility of a rise in the Minimum Lending Rate to act on the short end of the market is also being discussed in some quarters. The future looks so uncertain that the time is probably right for private investors to sit back and await events, bearing in mind that it is widely anticipated that the institutions will keep out of the market until the long-term yield climbs above 15 per cent. Even so, there are opportunities in the fixed interest sector.

As our accompanying table of some typical interest rates shows, gilts offer some of the most attractive yields even without the expected further rise but of course capital values are always at risk should the investor sell before redemption. A couple of stocks that catch the eye for high rate tax payers are Treasury 3 per cent. 1978-88.

If the holder is in the highest income tax bracket with an effective rate of 98 per cent. of unearned income the grossed-up returns are equivalent to 237 and 313 per cent. respectively. Of course the net return to a taxpayer in that bracket is more like 6 per cent. Even for more standard rate taxpayers the Treasury stock does not look a bad investment with over 100 per cent. of capital appreciation if held to redemption.

Looking to more short-term investment, local authority yearling bonds offer relatively attractive yields. This week the coupon rate on the yearling issues was back up to 11 per cent. (only in one week last June has the rate been higher this year) and these stocks are quoted so there is a ready market should the investor want to liquidate his holding before the year is up.

For those wishing to take an even shorter view, three month Treasury Bills offer an attractive risk free investment with an effective yield of 11.16 per cent. Treasury Bills are posted dated cheques payable at £100 per cent. and the yield is calculated by the discount at which the Bill is purchased to its face value. An investor can buy them through a discount house or a bank for a relatively small commission, though the minimum purchase of £5,000 cuts out the smaller investor. For taxation purposes the return on Treasury Bills is counted as income rather than capital gains.

To match these sort of returns outside of the money market one moves into the realms of bank term deposits, where you will probably need at least £10,000 on deposit for a full year to match a gross yield of 11 per cent. In general the same goes for finance house deposits, though the minimum investment may not be so demanding.

Building society deposits offer a 6 per cent. net return, which is not particularly impressive, but the societies do have their merits for smaller investors. Deposits can be made in small amounts and at irregular intervals, there are no costs involved and the withdrawal period is generally less than a week.

National Savings Certificates are not very attractive. Certificates cashed in after four years offer a return of 7.6 per cent. net which drops down to 6 per cent. if the holding is cashed after one year. However, the yield is the same right across the board regardless of personal tax position so for a high rate taxpayer they are a good investment. But a maximum holding of £1,000 limits their effectiveness in a large portfolio.

For an investor of retirement age the best opportunity is in retirement savings certificates where the return is linked to the Retail Price Index. Currently the return on an annual basis is 13.7 per cent.—one of the best for a no risk investment—though the maximum holding of £500 cuts out any sizeable holding. Still there is no reason why they could not feature as a small part of even a large portfolio.

Various markets move in tandem, leaving managers very little scope to pick winners. There is also not much joy in the currency front (the fun shows a deficit on its loans) and Warburg's most significant investment decision has been to shift the investment emphasis to actual Swiss shares (now 20 per cent. of the portfolio) rather than the currency itself. Too many colds were caught on the Swiss loans two years ago.

Common market STILL BUMPING along around the £10 mark, the shares of Warburg's Common Market have made very little progress since the trust was launched years ago and the performance is now looking good only when compared with its competitors and the Eurosmidat Index. Not much more than this can really be asked and it is perhaps interesting to see how the

When West led the diamond Queen, I surveyed dummy with no great enthusiasm, but I took the first trick with dummy's Ace, and played three rounds of hearts, discarding a club from my hand. I continued with the heart ten, and was glad to see that East was the one to show out. He threw a diamond, and I ruffed.

Now I cashed Ace and King of clubs and ruffed a third club in hand. I had taken eight tricks, and my trumps were reduced to Ace, Queen, and nine. So I cut with one of my two losing diamonds. West won, and the diamond return was won by East with the King. He sent back the club Queen, which I ruffed with the nine of trumps. West overbid with his Knave, but now she had to lead into my major tenace.

Hands like this, where the drawing of trumps is postponed while the declarer feels his way, are among the most fascinating in the game.

E. P. C. COTTER

A promise of talent

Jonathan Mestel's victory at the age of 19 in the British Chess Championship at Portsmouth last week with a record-making score of 9½ out of 11 was another sign that this country now has some of the most promising and talented young players in world chess.

The result follows closely on Tony Miles' achievement in being first prize in Amsterdam with Russia's defeated grandmaster Korchnoi. And as this article is written Michael Stean, of Richmond, is in joint second place behind the world champion, Karpov, in the traditional Montilla-Moriles wine tournament in Spain.

Mestel has shown great promise for several years but until this year his play has been too variable for the highest honours. The championship follows shortly after his first place in the Birmingham Easter International and his newly-found consistency should put him well in the running both to become one of the youngest international masters and to follow Miles as junior champion of the world.

The congress at Portsmouth also emphasised Britain's strength in depth, even though leading players like Hartston, Keene, Nunn and Webb were absent. Fuller, the Australian champion, and Rumens, the Cutty Sark Grand Prix leader, were among those who had to struggle for scores of 50 per cent. or less, while those immediately behind Mestel were a host of experienced international, national and talented juniors. Tony Miles, suffering from

INVESTMENT	RETURN AT FOLLOWING RATES OF TAX	No tax	35%	50%
Bank deposits and savings	6.5-7.0	4.2-4.6	3.3-3.5	
Bank term deposits: 3 months	11.25	7.3	5.6	
one year	11.75	7.6	5.9	
British Government stocks to redemption: five years	12.3	7.8	5.9	
British Savings Bonds cashed in after 5 years	9.2	6.2	5.0	
Building Societies deposits	6.25	6.25	4.8	
Finance House deposits	9.5-11.5	6.2-7.5	4.8-5.8	
Local authority yearlings	11.88	7.7	5.9	
National Savings bank investment	9.0	5.9	4.5	
National Savings Certificates (14 issue) cashed in after 1 year	6.0	6.0	6.0	
cashed in after 4 years	7.6	7.6	7.6	
Retirement Savings cashed in after 1 year (annual basis)	13.7	13.7	13.7	

risk free investment with an effective yield of 11.16 per cent. Treasury Bills are posted dated cheques payable at £100 per cent. and the yield is calculated by the discount at which the Bill is purchased to its face value. An investor can buy them through a discount house or a bank for a relatively small commission, though the minimum purchase of £5,000 cuts out the smaller investor. For taxation purposes the return on Treasury Bills is counted as income rather than capital gains.

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reaction after his efforts in Amsterdam, was a disappointing seventh. Mestel's best game in Portsmouth showed the strength of his chess. He set up a winning break-through.

White: A. J. Mestel. Black: E. Rayner. Opening: King's Indian Defence (by transposition). The opening moves were 1. N-B3, 2. P-K4, 3. P-Q4, 4. P-K3, 5. P-Q2, 6. P-B3, 7. P-Q5, 8. P-K1, 9. P-Q4, 10. P-K4, 11. N-K2, 12. P-B4, 13. N-Q2.

White's offbeat formation misfired when he had to take two moves to advance his QBP to the fourth, but Black's reply is less forcing than 10...N-R4; 11. P-N3, P-K4 aiming to open up

the diagonal of Black's bishop against White's rook. 11. B-R3, P-K4; 12. N-K1, N-KB3; 13. P-B3, P-B5; 14. P-B4, P-K4; 15. N-N3, N-N3; 16. N-B4, B-B1; 17. P-N6.

A positional pawn sacrifice, designed to exploit Black's rook on K1 which makes it difficult for him to blockade White's QP with a knight. The general rule is that knights, which can control nearby squares, are ideal pieces to stop central passed pawns.

17...QP-P; 18. P-KP, Q-KP; 19. Q-N3, B-Q3. The Bishop, by contrast, is a purely passive blockader which at Q3 has little more scope than a pawn. This is the critical point of the game where Black should have opted either for P-Q4 and B-Q3 to eliminate White's strong knight, or for R-Q1 and N-K1 to regroup his own knight. P-Q6 for White is met by Q-KR2; 20. Q-K3, P-N3; 21. B-N2, P-N5; 22. P-N3.

Unexpected and strong: now Black's rickety centre is squeezed from two directions. 22...NP-P; 23. B-RP, P-P; 24. P-P, P-KR4; 25. Q-R1, R-N1; 26. B-O1, K-N2; 27. P-R4, P-Q3; 28. Q-B3, R-K2; 29. N-B4 (opening up Black's king) R-KR1; 30. N-N1, K-N1; 31. R-N1, Q-KR1; 32. R-B1, K-N2; 33. Q-B3, R-R3; 34. N-KP1.

A neat finish: if 34...R-N1; 35. Q-R6, K-N3; 36. Q-R1, R-N1; 37. Q-R7, K-N3; 38. R-R3, K-B7; 39. Q-B mate.

34...R-R6; 35. N-N4 dis. ch. B-K4; 36. Q-B8 ch. Resigns.

LEONARD BARDEN

Solutions Page 2

## The perfect answer

DO investors require a policy savings plan? It will be as many different as there are investors. d's Life is to be considered at least for people in trying to find an even if it confined its new to the larger

The company took a t and asked the brokers with and their replies. Ited five main features. Investors want the possible level of investment maximum flexibility benefits provided and of cash-in.

g discovered the rems of clients, the com-out to design a contract ould fulfil these aims in the Lloyd's Life "Star" High Investment. Has it succeeded?

Has it succeeded? I hat it has, but a plan as to be all things to all ast of necessity be ex-omplex to operate and ted to understand.

example, a high invest-ment means as low a over as possible without the tax qualification. ity means an open-contract, which the new leg have killed off as a investment vehicle. Lloyd's compromises by having an added contract but with oms reducing after ten This lowers the death

cover, but means a reduced investment after ten years. So to get round this, the plan has the option, which investors will automatically take, of taking out a new policy for the same premium and transferring the benefits from the old to the new contract.

I could fill up the whole page describing the ingenuity with which the Plan has been devised to reconcile the irreconcilable. Sufficient to say that it has Inland Revenue approval as a qualifying policy and, fortunately for investors, Lloyd's Life operates mainly through brokers who, hopefully, can explain the Plan to interested investors.

For investors who require contracts that they can understand without much effort, which I suspect is the majority, the July issue of Planned Savings reviews the maximum allocation plans which have appeared before and since April 1 to conform with the new qualifying rules. It provides a comprehensive review of this market.

● WHEN THE methods of rescuing the policyholders in failed life companies were being discussed, most individuals applauded the action of the Government as being not only correct but humane. The opposition of the life companies was dismissed as vested self-interest.

And the report was published on January 23, 1974. The aptness of its criticisms and, to a less extent, of its proposals pleasantly surprised me because, in Commons debates about education the last issues are almost invariably smothered beneath a garble of pious platitudes. So bearing in mind that if the universities are the educational establishment's sacred cow, postgraduate studies are its golden horn—I waited with interest for the Department of Education and Science's response to the select committee's unusually trenchant challenge. And I went on waiting for two years, seven months, and one day.

The department's reply, when it arrived in the form of a White Paper this week, also pleasantly surprised me. It expressed broad acceptance of the MPs' view that "post-graduate education should be shaped, not principally by the needs of the economy and of society as a whole."

This week the first bill for a rescue has been presented to those individuals in their capacity as policyholders in life companies.

Admitted the bill is minuscule for each individual—one quarter per cent. of the premiums paid in 1975 on policies taken out that year—although the total amount being levied of £1.6m. sounds much larger. But it does bring home the point that at the end of the day the policyholder with a sound company has to bail out his more unlucky (or imprudent) brethren.

This time the levy is small because the company being supported—Capital Annuities—is small. It appears from talking to the life companies that the unit-linked ones may well pay the bill out of charges and the traditional companies write it off against reserves. So this time policyholders could avoid having a cut made in policy benefits.

Next time, however, the charge could be much higher and then companies would pass on the cost to policyholders. Some traditional life companies have already included a provision for a levy in their premium rates especially for non-profit business, and in any case the bonus rate could be affected on with-profit contracts. Unit-linked policies now contain a

clause allowing a variation in allocation to meet any levy.

A disturbing feature of the levy is the lack of information given by the Policyholders Protection Board, which administers all rescues, on the reason for the levy. It is understood that it is to provide the cash necessary to make interim payments to policyholders in Capital Annuities. No information has been given on the situation at Capital Annuities either. Investors in life companies are putting in the money, they are entitled to be told in full the reasons for the levy.



## Finance and the family

## Outside the Rent Acts

BY OUR LEGAL STAFF

Under the heading *Outside the Rent Acts* (June 5) you suggested that where a tenant only has the right to share a flat, he could lose the protection of the Rent Acts. I operate a furnished house and if I make a tenant a licensee who shares a room with another, and shares the rest of the common parts of the house with the occupants of the other rooms, do you consider this would come outside the Rent Acts?

If your contract is a true licence it will not attract the Rent Acts. Otherwise Section 101 or 102 of the Rent Act 1968 will apply. We doubt if your proposal would constitute a true licence, and it is therefore likely that Section 102 of the Rent Act will bring the room occupied exclusively within the protection afforded by that section, principally security of tenure.

## Right to use a garden

I have an agreement with a neighbour whereby he cultivates a large part of my garden, in return for which I take whatever produce I need. Is there a danger that he will establish a right to use the garden?

There is a technical risk that a claim could be made that there is a licence for less than a year which is converted by the Agricultural Holdings Act 1948 into a tenancy from year to year. This could be avoided by granting a series of fixed term licences each for a period over 1 year but less than 2.

## Wife's share of a house

In a reply on February 7 last under wife's share of a house you suggested that a wife who worked for three years out of a marriage lasting 12 years might in divorce proceedings be granted an interest in one eighth of her husband's house. I have been married nine years and my wife has not worked at all or contributed anything to the purchase of the house, but my advisers tell me she will be entitled to one third of the sum total of her assets and mine, including the matrimonial house and contents. How do you reconcile this with your earlier reply?

The reason for the figures given in the reply was that the whole purchase price had been provided by the husband. The wife's claim to an interest in the house—that is to a legal entitlement before the court

exercised its discretion to vary existing legal rights, was based on her having worked for three out of 12 years, and thus contributed to the family expenses including the house expenses. If the contributions to the house were equal in three years and thereafter wholly those of the husband the figure of one-eighth can be seen to apply. In your case it does not seem that your wife makes a claim to an interest in the house as a matter of legal or equitable right before the Court exercises its discretion.

## Purchase of a freehold

I am negotiating the purchase of the freehold of my house and have been asked for (a) vendor's legal fees (b) valuer's fee (c) name of the solicitors. I don't object to (a) if reasonable, but valuation seems irrelevant as the price has been fixed and can I not negotiate the deal myself? What do you advise?

We think you should offer to pay the vendor's "reasonable and proper" legal fees and that you should offer to pay the valuer's fee limited to £10. You do not have to employ solicitors if you are willing and able to

carry out your own conveyancing—bearing in mind that the conveyance or transfer should be drafted by the purchaser.

## Long lease insurance

The building insurance policy covering our block of flats was taken out in the name of the ground landlord, though he pays no part of the premium. As residents have had difficulty in getting claims settled, can we negotiate a new policy without his name on it? The landlord's name will have to be shown in the new policy if the lease requires it—otherwise it is not obligatory. It is usual for a long lease to require insurance in the name of the landlord or in those of the landlord and the tenant, but you should peruse the lease's covenants in your lease to ascertain the precise requirement in your case.

## Company as trustee

Is it correct that trustees can form a company limited by guarantee and so restrict their individual liabilities?

While there is nothing to prevent a trustee being a limited company—indeed Trust Corporations are—it would not be appropriate for a person with a power of appointing trustees to appoint a limited company (whether limited by shares or by guarantee) which was not of substance, and the appointor might then be liable for breach of trust in so exercising his power. Individual trustees, once appointed, cannot divest themselves of their individual unlimited liability by forming a company after the date of their appointment.

## A caravan to let

I am considering buying a cottage in a somewhat remote part of the country with a fair size garden and intend installing a caravan therein for use when the family descend upon us and also to let to others from time to time. My understanding is I could let

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

such a van for a fee without obtaining permission from the local authority. Is my assumption correct, please? We think that you would require a site licence from the Local Authority, as none of the exceptions listed in the First Schedule to the Caravan Sites Act 1960 seems to cover the position which you envisage, viz. of use for letting as well as for visitors who are guests of your household.

## Deposit and a resale

In May I sold a shed and received a deposit. The buyer asked to leave it for a few weeks, and I have recently heard, not from her, that she does not wish to go ahead with the purchase. What is the position regarding the deposit? What should I do? You should write to the purchaser pointing out that the shed was sold for removal with the time which you stipulated, and that unless she arranges for its collection within, say, 10 days, you must treat the contract as repudiated and in that event would have to hold her responsible for any loss on resale. You can then resell after the stipulated time if there has been no response. The deposit should be kept until you re-sell, as you would be entitled to retain out of it any loss on resale.

## Charge by court of protection

My sister, for whom I act as receiver, is in a mental home and under the jurisdiction of the Court of Protection. I, and my brother-in-law as trustee, do practically all the work in connection with her estate, but the Court gets 5 per cent. of the income. Is it possible to disperse with the Court's services?

We do not think that it would be competent for the Court of Protection either to forego its charge or to discharge the patient in the absence of evidence of her ability to conduct her own affairs. The 5 per cent. fee sometimes operates unfairly, but the matter requires legislative amendment if anything is to be done to resolve the problem which your query demonstrated.

## Insurance

## On the cards

BY ERIC SHORT

I SUPPOSE that by now we should be used to the manner in which bills are soaring because of inflation, but when I receive one, whether it be for electricity, rates, water or insurance, I have an immediate cash flow problem in finding the money to pay. Schemes are not being put forward to buy stamps to meet some bills, but for payment in arrears the best method is still by using a bank credit card.

Policyholders have seen their personal insurance premiums—house and contents, motor and others—rise drastically over the past few years and the size of premium can now be considerable, especially for motor. The effect of inflation has meant that insurers have had to put up their sums insured quite a lot to remain fully covered and consequently the premium has risen in step. The problem is that general insurance business, unlike life assurance, calculates the required premium on the assumption that it is paid to cover the risk at the start of the year. The policyholder wants to spread the premium load as far as possible over the year. One method is to spread out the policies during the year to avoid finding all the premiums at one go. But the trend now is towards package insurance where several policies are contained in one contract. This helps keep the premium down by saving on expenses but it can mean a lot of money to find at once. In some cases it can be well over £100 if the car is included. Insurance companies with actively promoting policies with the sum insured and premiums linked to some kind of index—resulting in escalating premiums.

The other answer is to make use of credit card facilities, and several leading insurance companies are now offering policyholders this means of payment. It solves the problem because the insurance company receives the annual premium in the usual lump sum, while payments are spread in the usual credit manner. The procedure is quite simple, the policyholder simply completes a form authorising premiums to be paid in this manner. The schemes at present in use apply only to Access and Barclaycard. Policyholders must remember however that they will be paying the normal interest charges for the service at present 14 per cent. per month. Perhaps this explains why the use of credit cards for premium payment is being rather slow to catch on. But what is being done by insurance companies to help policyholders who do not have credit cards to spread payments. At the moment they appear to be awaiting the regulations under the Consumer Credit Act to see if offering instalment premiums is worth the administration involved. But some leading insurers have schemes whereby motor premiums—the personal insurance contract involving large premiums—can be paid by instalments. The system operated by the Sun Alliance and London Assurance is that the policyholder pays one-sixth of the annual premium at the start and then pays the remainder of the premium plus a service charge over the remaining 11 months by open direct debit mandate. For example, if the annual premium is £60 the policyholder pays £10 immediately, the remaining £50 plus a charge of 25 per cent. is paid over the remaining 11 months at towards next year. The company insists on an open debit to allow half-yearly policies has not of the various premium increases that have occurred and are expected to occur in motor rates. The policyholder does not have to pay any outstanding balance should there payable more frequently.



be a claim on the policy debts will be made as and due, although the card expects the policyholder continue with his contract. What about those policyholders who do not have accounts? There is little that insurance companies can do. The cost of collecting instalment premiums using the banking system is prohibitive. The answer for the policyholder is to pay in full, or if the company has gone chasing for it.

The answer for these policyholders is to impose some sort of discipline to accumulate at least part of the premium advance. They must remember that because of inflation, is nowhere near under control. The best year's premium is fair by as much as 20 per cent. But there really is a solution than next year. The company mooted for motor insurance favourably received because the higher administration costs are expected to occur in motor rates. The policyholder does not have to pay any outstanding balance should there payable more frequently.

## Tax on working abroad

I am considering going abroad to work full time for a foreign company for two years. I have read Inland Revenue leaflets IR20 and IR25, and in particular paragraphs 18 and 65 and Annex C(5) of IR20 and paragraphs 3.5 and 7.3 of IR25, and I would appreciate your advice on the following points:

- 1—Will I be regarded as not resident and not ordinarily resident in the U.K. for the period?
- 2—Will my foreign earnings be free of U.K. tax for the period?
- 3—If I purchase gifts (which are tax-free to non-residents) with my capital, before I leave the U.K., would the interest arising be (a) free of tax, or (b) only qualify for a proportion of relief?

4—Would I be permitted to make visits to the U.K. averaging three months per year?

5—Would I require to wait until April 6 in the year following my return to the U.K. to transfer any savings to the U.K. free of tax?

6—On my return to the U.K. would I be classed as a new permanent resident? On the assumption that you are domiciled in England and Wales (or in Scotland or in Northern Ireland), as well as having been resident and ordinarily resident in the U.K. for many years at least, the answers to your questions are:

1—Yes, probably, subject to paragraph 18 of IR20 and concession A14 in IR1 (1971 and 1973 supplements).

2—Yes, probably, see paragraphs 2.3 and 2.7 of IR25.

3—Exempt, subject to paragraph 18 of IR20; see paragraph 75 of IR20. The gifts in question are marked with pairs of double obelisks in the Financial Times Share Information Service pages.

4—Probably not; see paragraph 18 (c) of IR20 and paragraphs 2.6 and 2.9 et seq. of IR25.

5—No; see paragraph 2.5 of IR25.

6—Yes, subject to paragraph 18 of IR20; see the final sentence. You should read IR20 and IR25 again: from what you say, paragraphs 3.5 and 7.3 of IR25, which you mention, do not apply to you. None of our answers can be precise, because you have not read the booklets carefully enough to understand how much background data we should need.

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10% Debenture Stock, 1989/91  
Notice is hereby given that the REGISTER of the CORPORATION'S above-mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 16th to 25th September, 1976 both days inclusive.  
By Order of the Board  
H. J. McCrack, Secretary.  
48 Palmerston Place, Edinburgh, EH42 5ER.  
28th August, 1976.

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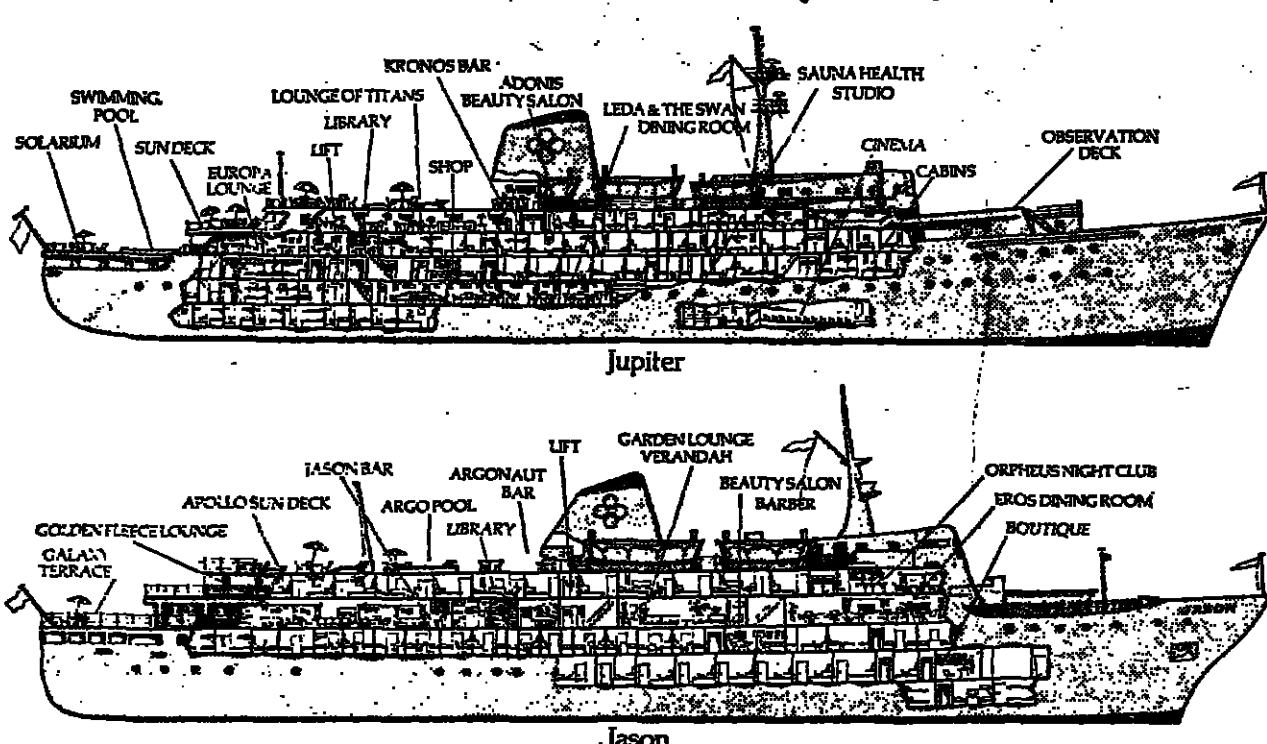
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## Travel

IN RECENT years there has been a great deal of discussion about the importance of conservation, the term generally applied to safeguarding the natural beauty of the countryside. Linked to it are the efforts of those enthusiasts who have combined unbounded enthusiasm with a great deal of hard physical effort, generally unpaid, dedicated to the preservation of our industrial heritage.

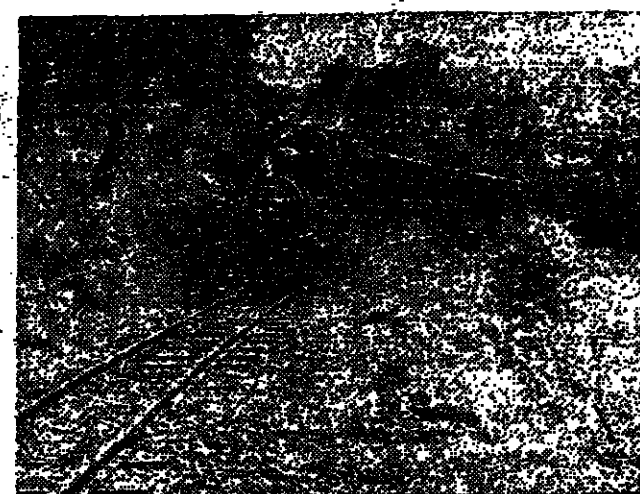
It has been particularly marked and effective in the field of transport where many abandoned railway lines now function once again. In addition to being a worthwhile tourist amenity with a major emphasis on the preservation of steam, the lasting benefit will be to future generations as more and more children grow up in an age when the great steam locomotives are but a memory from the past.

We in Britain are extremely good at playing trains seriously and retired engine drivers and bank clerks join doctors and solicitors in giving up their free time to become splendidly bountiful station masters—the second job satisfaction is intense—or, alternatively, turn out in jeans to open up another stretch of track. The enormous success and high attendance at the National Railway Museum at York have surpassed all expectations.

Some 30 different organisations are now involved with private railways in one form or other, whether as railway preservation trusts or as straightforward commercial ventures, and it would take a whole series of articles to describe each one in detail. Wherever you live, you will probably not be far from one but few experts would deny that the most famous of all is probably the Romney, Hythe and Dymchurch Railway which, with a track length of over 13 miles, predates the current preservation movement and continues to provide daily transport for commuters in the area.

The nearest to my own home is the Bluebell Railway which, using a former British Rail branch line, runs through the heart of the Sussex countryside. At its headquarters at Sheffield Park Station, the oil-lit platforms and vintage advertising boardings cleverly recreate a picture of the railways as they were up to the 1920s. Although one still hears some smothered muttering about the celebrated Beeching axe, brought up to date with threats of further closures of uneconomic lines, British Rail is really not the villain of the piece. It runs an extensive range of excursions to the vintage lines and the main line station at Aberystwyth is the starting place for its own steam operation to Devil's Bridge, a journey with spectacular scenery which will appeal to non-enthusiasts. The line first opened in 1902, has always catered for tourist traffic, unlike

## Wheels within Wales



Talylyn Railway

many others which were originally built for very different purposes.

Wales is the great happy hunting ground for the rider on beautiful old trains, on track brought from British differing gauges and in rolling stock collected from all over the world. Each train has its own distinct personality and I spent an idyllic week-end trying out six of the eight railways that have been banded together as The Great Little Trains of Wales, choosing those relatively close to each other. I spanned the Snowdon Mountain Railway as that should rightly be shanks' pony staff up the Pwy Track. It can also involve a long wait in high season.

The Talylyn Railway, which has been in continuous operation since 1865, was the first to be saved by voluntary action. It was originally built for the transshipment of slate on a 2 feet 3 inches gauge and there is a maximum speed limit of 15 mph. The line has recently been extended but, if you get off at Dolgellau Falls, you find yourself in the Wales of hills and waterfalls. My steam appetite was further whetted when, after signing the indemnity form, I mounted the footplate for the short journey along the coast on the privately-owned Fairbourne Railway. A former horse-drawn tramway, it was converted to 15 in. gauge by Bassett-Lowke—what memories that name brings back—in 1916. A pleasant run along the sandy beach before catching the ferry over to Barmouth and driving on to pick up the Ffestiniog Railway.

The Ffestiniog Railway has a magnificent 1st class observation coach and, according to tradition, 3rd class has been retained. Beginning its life as a horse drawn tramway carrying slate, it now operates over 91 miles, running up from the coast at Porthmadoc to Ddunallt and the main line station at Blaenau Ffestiniog. Climb up into the open countryside. I realised that butterflies have a journey with spectacular scenery which will appeal to non-enthusiasts. The line first opened in 1902, has always catered for tourist traffic, unlike

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PAUL MART







## The Arts

In a world which would seem to offer small comfort for galleries there are still surprising success stories.

## Triumphs of the little galleries

BY WILLIAM PACKER

That galleries survive at all remains one of the mysteries of the modern art world. The current show, the second, is of sculpture and drawings made by Rachel Fennar since 1971. Although she has been involved in the practice and teaching of sculpture for many years, this would appear to be Mrs. Fennar's first one-man show. Certainly her first in London, which makes her a deceptive debutante. Small as it is, the exhibition consists of intriguing and distinctive work, evidently the work of a mature artist. The major piece is really a kind of tableau, deliberately theatrical in the space it establishes, and palpably ritualistic. Two thrones of wood and bamboo face each other, flanked on either side by strange wooden screens, hung with scrolls and bamboo lattices. The thrones are impossible to use, strongly decorative, and yet apparently fragile. The shrine which should attract the centre of their attention has yet to be made, though a maquette is shown in the next room.

The total effect is ambiguously threatening for our sense of place is reinforced, and we must supply in our imagination the particular ritual which these objects imply and enclose. Immediately we think of Japan, and of a quiet, impassive violence, but the references are deeper and more general, applying to the primitive and symbolic imagination as it has been expressed throughout history. The drawings bring us closer to the English Romantic experience with its four artists, and the scrutiny of organic growth and natural form.

The idea is good, though by no means new. Every dealer sets out high principled and idealistic: but Mrs. Stein is also an imaginative realistic and enterprising lady, who has held our attention in the past, and is determined to do so again. If we must wait and see, the indications are that we will not waste our time. And the practical play she has adopted, again not new, but rarely put into practice, seems the right one for the time. A modest operation that keeps on, expenses as low as possible. We have grown used in recent years to visiting exhibitions in workshops and studios a world away from Mayfair. In city offices and hotels, anywhere in fact where there is sufficient space and a good wall. The private house is the most obvious place of all; and we have only to knock on Mrs. Stein's door to discover how well

painting and sculpture accommodate themselves to the domestic scale and situation. The current show, the second, is of sculpture and drawings made by Rachel Fennar since 1971. Although she has been involved in the practice and teaching of sculpture for many years, this would appear to be Mrs. Fennar's first one-man show. Certainly her first in London, which makes her a deceptive debutante. Small as it is, the exhibition consists of intriguing and distinctive work, evidently the work of a mature artist. The major piece is really a kind of tableau, deliberately theatrical in the space it establishes, and palpably ritualistic. Two thrones of wood and bamboo face each other, flanked on either side by strange wooden screens, hung with scrolls and bamboo lattices. The thrones are impossible to use, strongly decorative, and yet apparently fragile. The shrine which should attract the centre of their attention has yet to be made, though a maquette is shown in the next room.

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The Artists' Market Association, organised and administered by Vera Russell, is the other new venture to promise much, and go to fulfil expectation. It occupies what was the Garage Gallery, at 52 Earls Court, and is halfway through its scheduled season of five separate exhibitions. The first was a tribute to four artists, recently dead: Hilton, Lowry, Tobey and Tunnard; the next will be a conspectus of contemporary French activity. The others are devoted to British Art, the work of



John Cobb: The Crow

of "serious artists who have not had sufficient opportunity to show." We need not take this last claim too seriously, for many of the participants, in the two such shows so far, show regularly elsewhere in London; but their inclusion has ensured that the quality of the work shown has remained admirably high.

Several things stood out in the first set of work. Robert Medley's new paintings were a considerable surprise, marking a shift away from the hard-edged and simplified abstraction with which he has lately concerned himself, back to an earlier figurative mode. His free study after Rubens is a powerful and intriguing little painting, carried through with appropriate panache.

There were splendid studies by John Furnival of the medieval carvings at Kilpeck and Beverley, and Terry Frost's tiny retrospective in the corner was a nice aperitif for the larger meal to come. Colin Cline's two large paintings hinted that a proper showing of his recent work is due soon, if not actually overdue already; and Simon Nicholson's elegant and delicate conceits could well stand up to further consideration. And on the floor, stood a most singular and engaging figurative construction, John Cobb's wooden Crow, one of the 5.

## Theatres this week

**SQUARE ONE**, Edgware Road—Double Talk. Stimulating play by a new writer in a new theatre, about an advertising agency dealing under the counter with the Polish Secret Service. Opened Tuesday.

**THEATRE UPSTAIRS**—Just a little bit less than normal. Effective piece about the reaction of unthinking people to a newly-made cripple, a man with his leg blown off. Opened Wednesday.

**OXFORD PLAYHOUSE**—Zima Junction. In the Burton Room, the new small place: a dramatization of Yevushenko's poem, which will earn its place if it does no more than send people back to the original. Opened Wednesday.

**WHITEHALL**—Fringe Benefits. Brian Rix back in his ancestral home with all his ancestral grime. The first-night audience seldom stopped laughing. Opened Thursday.

## Don Giovanni

BY RONALD CRICHTON

After a lapse of some years the English National Opera returns to Don Giovanni with a swashbuckling new production by the Company by Anthony Serch, designed by John Stoddart and conducted by Charles Mackerras. The team which gave us the company's much-appreciated *Macbeth* has won another, doubtless equally enduring success—their work was warmly greeted after Thursday's performance. The old Don Giovanni, with which the then Sadler's Wells Opera marked the move to the Coliseum, has not been much mourned, though Derek Jarman's oblique and surreal version, slyly under-rated. The new staging looks sumptuous, but the means used are not unduly extravagant. The senses can be indulged without Puritan consciences (except those to whom swirling cloaks and plumed hats are automatically obnoxious) being aroused.

The Seville devised by Messrs. Serch and Stoddart is a leafy, many Southern city streets and squares lined with two-tiered wooden "mansions," warm sepia in hue, not too flimsy in appearance, sliding easily about to form new combinations—the stage management on Thursday was faultlessly smooth. The interiors are grandiose—Don Giovanni's palace is enough to overawe any number of potentate. There is a shade over the baroque equestrian statue for the Commendatore—the stone horse as well as the rider come to supper, despatching Giovanni to hell through a trap in the floor, while a carpet of unusually well-controlled dry ice pours into the orchestra well. The result is spectacular—but how did the statue manage the thundering off-stage knocks?

Donna Anna treats Ottavio to "Non mi dir," not in her house but in the cemetery just vacated by the General. Since she might well be paying respects to her father's statue, this in itself is acceptable. During the cabaret, however, there appears priests carrying a bedecked image of the Virgin, presumably to invoke the heavenly elements for which Anna is praying. This irrelevance is untypical of a production otherwise remarkable for the vigorous, forward sweep of the action. The first act finale, with the three orchestras and the dances they accompany (choreographer Pauline Grant) is a rationally well defined, and a chandelier-swinging exit for the Don, is an example.

The conducting was also notable for vigour and thrust, as if Mr. Mackerras was compensating in advance for any possible lack of vitality due to the torrid heat. The quartet was a fraction slow, elsewhere there was a hard-driving energy that sometimes threatened to obscure a generally admirable reading of

## Collecting

## Messages in the bottle

BY JUNE FIELD

OUT IN FORCE this holiday week-end will be the hunters of old bottles. Seeking not only the rare 17th-century sealed variety that Pepsy referred to in his Diary of 1663—"saw some of my new bottles made with 1581".

Gins are further categorised as "case gins." Many Dutch bottles held gin and were of the downward tapering square-section shape, with stubby neck and lip-case bottles. They have their roots in the 18th century, when apothecaries kept square-bodied bottles in cases, and as the distilling of "ginerva" (from which the word gin is derived) was a profitable sideline, they are generally believed to have used these containers to sell gin.

Old case gins are rated highly in the bottle-collector's world. A 6½ inch free-blown, olive green example, c 1780, with a Star of David seal is reckoned to be worth £80 plus, although later turn-of-the-century ones might only be in the £3 class. Differences in shape, colour, or embossing can make one bottle more desirable than another, and bottles need to be in mint condition to be classed as good finds. However, small flaws can reduce the value considerably—things like stains, scratches, chips and "sickness."

Although this latter affliction (the clouded effect on the surface of the glass caused by the action of acids and chemicals in the soil), does not always prevent an item from being collectable.

"Some are enhanced by it," claims leading bottle collector and dealer Gordon Litherland, pointing out that an early black glass wine bottle brought from the sea-bed often has a rainbow coloured opalescence which can be extremely attractive and appealing. Damage too, may not deter the enthusiast. M. the item is rare enough. "Half a dozen onion bottles is better than none at all."

Says Litherland: "The economics of bottle collecting may also have important geographical ramifications. A bottle commonly unearthed in Northern tips and therefore bought at reasonable cost in that region might fetch a considerably higher price at the opposite end of the country where they are rarely found."

Other factors which affect the price of bottles are: rarity (limited number made or available), age, colour (dark or strong colours are rare for the type of bottle), crudity (crude form of bottle, caused by manufacture), texture (glass bubbles, stretch marks, glass variations), embossing (intricacy of wording), shape (aesthetic effect), original labels, dating (whether date of manufacture or date of use).

and type—some bottles fetch higher prices for their type rather than rarity.

All these helpful tips are given in Gordon Litherland's just published *Antique Glass Bottles—Illustrated Price Guide*, £1.85. The guide to dating is useful too: Embossing incorporating the Royal Coat of Arms is after 1810. Rickett's Patent three-piece moulded bottles are after 1821. The diamond-shaped register mark is after 1842.

Lettering incorporating "Lith" is after 1855.

Lettering including "Trade Mark" is after 1862. The internal screw-top is after 1872.

"Rd No" (registered number) is after 1884. The word "England" is after 1891.

The book needs to be studied in conjunction with *Sealed Bottles—Their History and Evolution* (1630-1930), £4.50, by Roy Morgan, with research by Litherland. (Both books, plus 25p postage each, are available from Midlands Antiques Bottle Publishing, 458c Stanton Road, Burton-on-Trent, Staffs.).

An illustration common to both publications is the one of a group of elegant 19th century "Zara" sealed bottles which the Price Guide lists as being in the £16 to £40 bracket. These were a type of European sealed bottle that became a familiar sight all over the world in the late 18th century; they contained liqueur derived from maraschino cherries grown in Zara, capital of the principality of Dalmatia, now part of Yugoslavia. Various firms produced and exported the liqueur—the two most important being the organisations, founded by Girolamo, Luxardo and F. Drlioli.

Luxardo set up his liqueur works in Zara in 1821, and by 1885 the firm claimed to be selling

## Art market

## Mr. Hugh Leggett

OUR PHOTOGRAPH last Saturday of Mr. Hugh Leggett studying a catalogue reproduction of a genuine Samuel Palmer painting followed an agency error in describing Mr. Leggett as "of the Lager Gallery."

Mr. Leggett is not and never has been associated with Lager Galleries, and is in fact the senior partner of Leggett Brothers, of 30, St. James's Street, London, W.1. Neither Mr. Leggett nor his firm has ever dealt in any of the suspect Palmer works and we offer them our sincere apologies for any embarrassment which may have been caused by the error.

ing "to all parts of the globe." In 1918 when Zara was ceded to Italy after the Great War, the firm was one of the biggest operating in the region. The bottles were tall, slender and cylindrical, encased up to the seal in a straw sheath. Drlioli, who appears to have started up at the same time as Luxardo, sold their liqueur in tall, square section, deep aquamarine bottles with short, stubby necks.

Interesting old patent medicine bottles, (cures for coughs, consumption, and fever) hair restorer bottles, and those six-sided cobalt blue "Not To Be Taken" poison bottles (particularly attractive when displayed with the light behind them), can all still be found at home in the attic, or in the junk shops, or in the antique shops, or in the junk yards where 25p or so will usually be enough to offer.

The County Museum and Art Gallery, River Street, Truro has an exhibition *The English Glass Bottle* until September 30, which includes sealed bottles as well as some pharmaceutical bottles—*Illustrated Price Guide*, £1.85. The guide to dating is useful too: Embossing incorporating the Royal Coat of Arms is after 1810. Rickett's Patent three-piece moulded bottles are after 1821. The diamond-shaped register mark is after 1842.

Lettering incorporating "Lith" is after 1855.

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George Washington Lambert, A.R.A. A portrait of Miss Alison Preston and John Proctor Esq. on Measebeck Moor, Yorkshire. Signed and dated 1909. 39 x 49 inches. Sold recently for £9,200.

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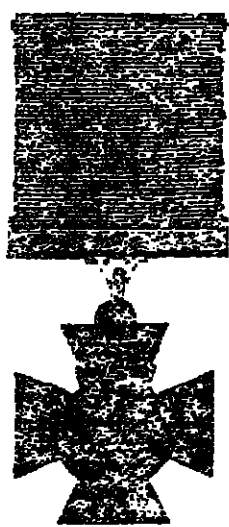
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This Victoria Cross was won at the famous Battle of the Imjin River in Korea; it fetched the highest price ever realised by a medal awarded for gallantry. It is the most modern V.C. yet to appear at public auction. Sotheby's have previously sold many others covering most of the campaigns since the V.C. was instituted in 1856.

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For catalogues of these sales and advice on buying or selling, write to the Medal department.



The Victoria Cross awarded to Lieutenant P.J.E. Curtis, Duke of Cornwall's Light Infantry, (one of only four V.C.s for the Korean War, 1950-1953), sold on 5th February, 1975 for £7,200

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BRITISH BUSINESS MAN resident London September will be in London during the month of September. He is available for private interviews and public speaking engagements. He is a member of the British Business Association, the British Business Council, the British Business Federation, the British Business Institute, the British Business League, the British Business Society, the British Business Union, the British Business Association, the British Business Council, the British Business Federation, the British Business Institute, the British Business League, the British Business Society, the British Business Union.

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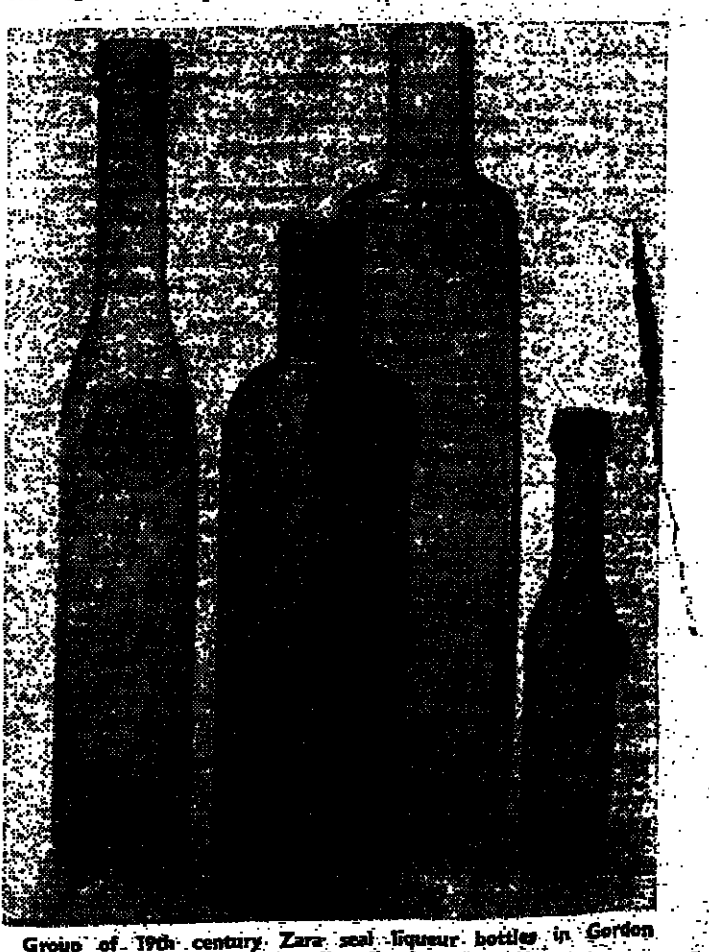
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## HOME NEWS

## Industry in SE Wales to have water supply cut next week

BY STUART ALEXANDER IN CARDIFF

CUTS IN water supplies to industry in South East Wales are to go ahead as planned. They will begin next Wednesday in valley towns and spread to the whole of the region on September 15.

But assurances that essential industry and factories able to establish priority needs will be given adequate supplies were given in Cardiff yesterday by Mr. Denis Howell, the Minister responsible for water resources.

Following the closure of the region, and talks with industry and union leaders and the water authority, he said: "It is a serious situation—very serious—but it is still not yet critical. There is no room for complacency, but also no one has mentioned the need for a three-day week, of which I read so much before I came."

Evidence submitted by the CBI claiming that over 25 per cent of factories in the area would have to lay off workers in the event of cuts have been accepted. Mr. Howell said that 70 per cent of industry could "get by" with a 50 per cent cut. Another 20 per cent could survive with just a little extra, and a further 10 per cent would be in real trouble.

It was to the companies who could show clearly that they were part of this 30 per cent that extra attention and supplies would be given.

The row between the CBI, which has said that all industry must be kept going and has blamed the water authority for slow and inadequate action, and the Welsh National Water Development Authority opened again at the meeting. Lord Brecon, chairman of the WNWDA, accused the CBI of "crying wolf". This view seemed to be backed up by Mr. Howell, who said: "Because it is so strange an experience, there is a lack of basic knowledge and some people get jump. Let's get this straight—our best interests are not served by partisan approaches or self-interest being overstated."

Mr. Howell is satisfied that in the short term the authorities

and industry can cope with the problem of allocating supplies, but he sees the middle to end of October as the crunch period for the Government.

If there is no sign by then of a radical and long-term change in the dry weather, then a crisis programme to prepare for even worse difficulties in the summer of 1977 will be recommended.

Mr. Howell is expected to out-

## Early aid for farmers forced to kill stock

BY RICHARD MOONEY

THE GOVERNMENT has taken its first direct action to aid farmers in drought affected areas.

Mr. Fred Peart, the Minister of Agriculture, announced yesterday that the brucellosis eradication scheme—under which farmers are entitled to up to £400 compensation for each animal destroyed—is to be brought forward by two months in certain areas.

Farmers in South Glamorgan and the remainder of West Glamorgan, mid-Glamorgan and Gwent, parts of Shropshire, Herefordshire, Clwyd and Somerset, Kent and adjacent parts of London are eligible under the scheme from September 1 instead of November 1 as originally planned.

"This will help those with a fodder problem who have brucellosis in their herds," Mr. Peart said. "They will be able to have their reactor animals taken on compulsory terms some two months earlier than would otherwise be the case, thereby ensuring fodder for the remainder of the year."

In addition, where compulsory brucellosis eradication is not scheduled until after 1977, farmers are to be allowed free blood tests for their animals. Mr. Peart said this would enable them to take account of brucel-

losis reactors when culling their herds because of fodder shortage. This move will affect mainly the Midlands, Yorkshire and the far west.

The scheme is expected to result in the early slaughter of some 28,000 cattle. But Ministry officials were anxious to emphasise that these animals will not be direct casualties of the drought—they would have been slaughtered within the next few months in any case under the existing brucellosis eradication plans. The free blood test programme may lead to a further 3,000 animals being slaughtered, officials estimated.

Bringing forward the scheme is estimated to cost about £300,000 in compensation during the current financial year. However, some of this will be covered by the Government's payments in subsequent years.

Mr. Peart said it would not be practical to bring the whole timetable for the eradication scheme forward, partly because of inadequate resources and partly because of the risk of cleared herds becoming infected again if the systematic approach is departed from.

Farmers whose animals are slaughtered compulsorily under the eradication scheme are entitled to compensation equal to their market value up to a ceiling of £400.

Public and private sectors fell sharply. There was little significant change in ordering levels in the depressed private industrial and private commercial construction sectors.

But despite the disappointing June figures, the slightly brighter picture recorded in previous months meant that the total value of orders won by building contractors during the second quarter still represented a 10 per cent improvement over the first three months of 1976. Orders were 20 per cent higher than at the same time a year earlier.

According to the Department, the value of all new building orders in June was £340m, compared with £340m in May and £341m in April. The April figure was, however, distorted by a large open cast coal mining contract. In June, 1975, new orders were valued at £364m.

In June itself, local authority housing contracts were valued at only £112m, against £138m in the previous month and in the second quarter as a whole were 4 per cent down on the previous three-month period. They were, however, 13 per cent higher than in the corresponding period of 1975.

The public works sector showed no change in the second quarter compared with the first three months of the year, although they were 7 per cent up on the second quarter of 1975.

Orders for private industrial building in the April-June period were, however, 27 per cent up on both the first three months of 1976 and the same period a year before.

The Department calculates that the value of new orders in the private commercial sector continues to provide ground for encouragement, with second-quarter orders showing a 58 per cent increase on the preceding three months, and a 48 per cent rise on the second quarter of last year.

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## OVERSEAS NEWS

## Germany to seek access to U.S. Lockheed evidence

BY NICHOLAS COLCHESTER

BONN, August 27.

THE WEST GERMAN Government is to arrange with the U.S. Government for access to material at the American Justice Department concerning pay-offs made by Lockheed Aircraft Corporation to potential purchasers of its products in Europe.

The Government spokesman, Herr Klaus Bölling, announced in Bonn today that a Secretary of State in the German Justice Ministry is to travel to Washington in September or October to set the agreement up.

He added that Bonn was interested in a thorough elucidation of any West German involvement in this matter. The German Government also wanted to know whether there were grounds for setting up a Parliamentary committee to look into the question.

At the end of last year allegations were published in the U.S. that the former Lockheed executive that the corporation had paid money in the early 1980s to the West German Christian Social Union-Bavarian sister party, the Christian Democratic Union—those leader was then and is still Herr Franz-Joseph Strauss, the man

emerged to be Finance Minister should the Opposition win the German general election in October. At the time of the alleged payments Herr Strauss was Defence Minister, and the German armed forces bought large numbers of Lockheed Starfighters.

The allegations were flatly denied by Herr Strauss and by his party, and interest faded away after a German Government official attended anti-corruption hearings in Washington that produced no evidence substantiating the charges.

Since then, despite the political upheavals over the Lockheed affair in Japan and now the Prince Bernhard affair in Holland, nothing more has been heard about these allegations, and they have played no part in the general election campaign to date.

John Wicks writes from Zurich: A spokesman at the Swiss headquarters of the World Wildlife Fund today said the fund was distressed at reports of the Prince Bernhard case. The fund had not received the Swiss Government's claim to have been tempted for it, and had not heard of the possible donation until

this was mentioned in the Lockheed investigations.

The fund's work would continue, he said, adding that few men in the world had done so much for the conservation of nature as Prince Bernhard.

The office of Dr. Hubert Weisbrod, the Zurich lawyer who assisted the Dutch investigation commission which visited Switzerland earlier this year, declined to comment on developments in the case. Both he and former Lockheed representative Mr. Fred Meuser, who is not available for comment, supported Prince Bernhard's claim at the time that he had received no bribes from Lockheed.

Reuter reports, however, that Lockheed aircraft corporation said today it co-operated wholeheartedly with the Dutch commission which investigated allegations that Prince Bernhard took more than \$1m in bribes from the company.

Lockheed Chairman Robert Haack said the company was saddened to learn of the events revealed in the report, presented to the Dutch Parliament. "It would appear prudent to let the report speak for itself," he added.

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SATURDAY, AUGUST 28, 1976

# Midsummer markets

THE stock market has again been extremely quiet, as is to be expected in the August 1976 season, but both industrial equities and gilt-edged securities have fallen further. Equities have touched a new low for the year, and gold shares have continued to drift with the price of the metal, which itself has touched a new low for the year because of anxiety about the result of future sales by the International Monetary Fund.

There seem to be two main reasons, apart from the time of year, for the weakness of industrial ordinary shares. The first is the drought. How serious this turns out to be has yet to be seen, but the talk of greatly reduced water supplies to industry, with the possibility of large-scale laying-off of labour and the working of a three-day week in particular areas, has plainly not made for cheerfulness.

The other main reason for the weakness of equities, which has also affected the gilt-edged market, is the course of the business upswing—which, uncertain though it is, seems increasingly unlikely to conform with the more optimistic forecasts issued earlier in the year. The most disappointing news of the week came at the beginning of it: rumours about the growth of the money supply in the month to mid-July had depressed gilts at the end of last week, and the actual figures depressed them more.

## Money supply

The figures were worrying, in fact, not so much in themselves as for their implications about the future. The main point to emerge was there had been a very sharp increase in bank advances to the private sector during this period, and that the money supply on the broader definition (M3) had therefore also increased sharply.

There were, as often, various special factors at work. Advances in July were swollen by the debiting of half-yearly interest, which accounted for about half the increase; and much of the rest may well have been accounted for by semi-speculative advance buying of raw materials at a time when the sterling exchange rate was slipping fast. But the fact remains that the money supply rose sharply in this period, although the Government borrowing requirement has

opened to be accidentally low and sales of gilt-edged were still taking place.

If public sector borrowing did no more than resume its trend in the following month, when there was little if any net sale of gilt-edged stock, the public, of gilt-edged supply may well have continued to grow faster than planned. One is left with the feeling that interest rates may rise still further if the public borrowing requirement remains as high as estimated and industrial demand for bank credit revives.

## Unemployment

While the market is worried about what may happen to interest rates as business and industrial demand for bank credit revive, it is simultaneously worried about the fact that the business revival may be a good deal slower than expected. The last trade figures were not particularly encouraging about the growth of exports, which was intended to be one of the two major forces bringing about the first stage of business recovery. The other force was a revival in stock-building, and the stock figures for the second quarter of 1976 indicate that there was actually a fall.

This seems to reinforce the impression left by the latest production figures that only a slow upswing in business activity is taking place. Such an increase in demand for labour as there may be at present can probably be met mainly through less short time and more overtime working. At any rate, the unemployment figures for the month to mid-August show that the total has now passed 1.5m.

The only good things to say about the latest figures are that the growth of unemployment was rather smaller than the very large jump the previous month, and that the number of vacancies now seems definitely to be rising.

The official view is still that unemployment will level out and begin to fall before the end of the year; but unless output recovers a good deal more briskly than seems to be the case at present, the fall from the peak may be gradual. There can be little doubt that the trade unions, which are now getting much more restive about the level of unemployment, will press for a drastic change in Government policy unless the trend improves.

John Edwards and Elinor Goodman forecast problems for shoppers and farmers as a result of the drought

# The drought's unavoidable cost: higher food prices

FOOD PRICES must inevitably rise as a result of the drought hitting crops both in the U.K. and Europe. The main question is whether the increases will seriously undermine the Government's pay policy in the coming months as housewives are faced with continually rising expenditure.

The drought will affect food prices in different ways. First there are the short-term rises in the cost of potatoes, and several other basic vegetables such as cabbage, cauliflower and carrots, which will be in short supply—possibly acutely—as a direct result of the drought's effects on the present crops in the ground.

Then there is the indirect—and longer lasting—effect of the drought in raising prices of grain fed to animals, which produce meat, bacon, poultry, eggs, milk and dairy products. Linked with this is the impact that a possible devaluation of the so-called "Green £" to lift farmers' returns could have on a wide range of food products, including sugar, that would otherwise have been unaffected.

How deep the indirect effects of the drought will be on prices depends partly on how long steady rains stay away, and also on the result of the political struggle between the Ministry of Agriculture and the Department of Prices and Consumer Protection on the proposed "Green £" devaluation.

At the very least the drought will accelerate the rate of price increases in some sectors of the food industry. At worst it could also mean that food prices once again take over the lead in terms of inflation with the higher cost of raw materials eroding the benefits of a lower rate of wage inflation.

The most direct effect of the drought has already been felt by shoppers buying fresh fruit and vegetables. Cabbages are now costing almost twice as much as at the same time last year, while cauliflowers are costing at least a third more.

Fresh food buyers for retailers say there is no problem getting supplies at the moment; the difficulty is quality. Nor do they see many acute shortages developing in fresh vegetables. As long as the housewife is prepared to pay the price she will usually be able to get what she wants though it may well be imported rather than home grown.

The next level where the drought takes its toll will be on processed fruit and vegetables. Because some of the big food processors, like Birds Eye, buy ahead on contract, the price increases on processed vegetables may not be as steep as has been feared. (The Price Code prevents manufacturers taking advantage of a short supply situation and putting up their prices simply in response to demand.) Birds Eye, for

example, says that though on average there has been a short-fall of between 20 and 35 per cent in the crops it buys, it does not expect to have to revise radically its pricing forecasts. The increases it will be applying for will, it says, be "modest," probably in the region of 1p or 2p a packet of vegetables.

Birds Eye has been helped by the fact that it was holding over large stocks of peas—one of its largest selling products—from last year. Other manufacturers are not so lucky and are having to make up the shortfall in the British supplies by buying abroad. Cadbury's, for example, though luckier than some food companies because it uses a lot of Scottish vegetables, may have to go abroad

months than over the last year. Some crops like carrots are not harvested yet, and another imponderable is demand for good demand forcing the Dashes to ration supplies to the U.K. market at present. The cost of fresh vegetables stays high. In the last few weeks, however, because of the drought, there have been signs that the housewife is trying to beat inflation by buying in advance. Fine Fare, for example, says that its sales as many processed vegetables this week as it would normally expect to sell in a whole month.

Most manufacturers and retailers say there are sufficient supplies of canned vegetables around to cope with a normal level of demand. But if demand continues at its present level, this could put strains on supplies.

The higher cost of grains has an impact on flour-based products, such as bread and cakes. But flour millers have undoubtedly bought supplies well ahead of time and in any event world wheat supplies are expected to reach record levels this year. Record supplies of U.S. maize are also likely to be available.

However, many of the food price forecasts do depend on what happens to the much discussed proposal to devalue the "Green £"—the unit used by the EEC to express farm price support levels in sterling terms. At present the "Green £" rate does not reflect the deterioration of sterling against the values of other EEC currencies; in fact the gap between the "Green £" and the true sterling value is being calculated at 22.7 per cent, next week as the result of the latest series in adjustments of monetary compensation amounts. This means not only that U.K. farmers' returns are being kept artificially low in comparison with the rest of the EEC, but also that supplies from the other Community members receive huge subsidies when shipped to the U.K.

This situation has existed for some time, much to the distress of the EEC Commission because it has been exempting some dealing from capital gains tax. The Government would encourage the Stock Market and the increased income from stamp duties would balance the lost revenue. The investor would not object to an increase in stamp duty and would probably welcome it as a substitute for capital gains tax.

From Mr. S. Penwill. Sir—I am at present engaged in the winding-up of a deceased estate and have consequently had to arrange a substantial bank overdraft in order to pay the capital transfer tax involved when lodging the affidavit. I am advised that it now takes at least three weeks before the bank is granted without which I am unable to liquidate assets sufficient to repay the bank. These assets are in part non-income producing or equity shares on which income does not accrue from day to day. The inland revenue, however, loses no time in presenting the cheque for tax, so that the estate will in effect be suffering bank interest unnecessarily for three weeks.

Should it not be a rule that cheques for duty or transfer tax ought not to be presented until, say, three days before probate is available for issue? S. W. Penwill, 158, Fenchurch Street, E.C.3.

**Selling**  
From Mr. H. Dalby. Sir—It was a shock to read in your taxation correspondent's article of August 7 that the creator of wealth is the salesman—a view to make any economist textbook reader's hair stand on end.

Yet in the modern world, it is futile to make things which can't be sold—unless one is making for one's own consumption. A clear realisation of this is of help in showing the true nature of our economic problems. It is obvious economic sense to

make 15 ct. gold wrist watch/valuers cost £2,495 each, for which demand is outstripping supply (Arthur Sandler's feature in same issue) rather than building houses for those who need them but haven't the money to buy them.

Far from being as important as Mr. Chown makes it, the salesman should be of negligible importance, for there should never be any difficulty in selling. If there is no "real" demand for one thing, there is always "real" demand for something else—human wants being open-ended. The problem is to make the demand effective, and it is past time that consideration was given to this problem as it has now become obvious that the method proposed by Lord Keynes (public works) is not the right one.

We should remember the aftermath of the last war when masses of people had Service gratuities (not increased wages) and second-hand clothes stalls disappeared from markets because the poorer people in the community could afford new ones, and there was "full employment" and minimal inflation.

To reinforce the point—why should it be so difficult to export? If there was plenty of purchasing power in the hands of the people who need the goods there would be no difficulty in exporting. Everything would be sold and the most efficient producer would make most profit, and the least efficient, least, but there should be no difficulty in selling. H. Dalby, 17, Neustead Road, Middlebrough, Cleveland.

**Water**  
From Mr. C. Simeons. Sir—Health and Safety Legislation has demanded safety and environmental audits by firms. Surely every factory which is a large user of water should have a water audit. It is only an outside examiner who will carry sufficient authority to influence Board decisions on recycling. Charles Simeons, 21, Ludlow Avenue, Luton, Beds.

plies. This would mean that manufacturers would have to buy more from abroad, thus putting up prices further. There are some bright spots, tomatoes apart. The apple crop has been reasonable, and there has been a bumper yield of plums and blackberries.

Total U.K. grain production is now expected to have difficulty in even matching last year's poor crop of around 14m. tonnes and some pessimists feel that the final outcome could be closer to 12m. tonnes. Inevitably this has already brought higher grain prices all round and this will raise livestock producers' costs substantially.

The drought is not expected to have any dramatic effect on autumn meat supplies. Slaughtering between June and July of steers and heifers actually fell by 5 per cent. The June farming census showed the expected decline in the beef herd, but no significant fall in dairy cow numbers, while the pig herd had increased and sheep and poultry were quite adequate.

Beef prices have been moving higher with the weather becoming slightly cooler; lamb prices

are showing little change. Bacon prices are already moving up with unexpectedly good demand forcing the Dashes to ration supplies to the U.K. market at present. The cost of eggs is also rising as the effects of the culling of old hens — the viciously hitting demand—begins to be felt and supplies tighten. As well as raising production costs, the disappearance of grass-land is also hitting milk yields in particular, thus putting dairy farmers under ever greater pressure. There is no question of liquid milk supplies not being adequately met, but U.K. production of butter has already been halted after the recent drop in milk production.

The higher cost of grains has an impact on flour-based products, such as bread and cakes. But flour millers have undoubtedly bought supplies well ahead of time and in any event world wheat supplies are expected to reach record levels this year. Record supplies of U.S. maize are also likely to be available.

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## PRICES IN THE DROUGHT

One supermarket's price per case of vegetables

	August 1975	August 1976
Cauliflowers	£1.74	£2.70
Cabbages	£2.24	£2.50
Potatoes	£2.52	£1.80
Carrots	£1.56	£2.08
Tomatoes	£3.84	£5.28
Lettuces	£4.76	£6.40
Cucumbers		

of massive export subsidies being drawn from the Common Farm Fund for the benefit of British consumers—estimated at some £300m. a year at present.

Faced with the need to get inflation down, the U.K. has been content to go on drawing this massive subsidy to keep down food prices, ignoring pressure from its EEC partners and from the National Farmers' Union.

But the drought has now considerably strengthened the farmers' protests that they are being unfairly squeezed by the artificial distortions of the "Green £," since their costs in sterling are rising fast.

Mr. Fred Fox, Minister of Agriculture, was appalled during his recent tour of drought-stricken farms at the damage done and the effects on farmers. This appears to have convinced the Ministry to press for a "Green £" devaluation to go to help farmers over a very difficult period and to go some way to mollify member countries of the EEC paying the extra bills. The Ministry appears to be particularly concerned about the dairy sector, which has been hit especially hard. According to Ministry calculations, a devaluation of the "Green £" would benefit the U.K. balance of payments within two years by encouraging more domestic food production and saving on imports. But in the short term there is little doubt that a downward adjustment in the "Green £" would bring a series of food price increases.

The immediate effect would be to raise the support, or "floor," price level of all products covered by the Common Agricultural Policy. This would mean a rise in the sugar beet price, although supplies are more than adequate within the Community; and higher "intervention" prices for beef and grain. It would almost certainly result in a rise in the price of milk paid to farmers, which would be recouped by the Government in the form of higher retail prices for dairy products because of the adoption of the general policy of reducing food price subsidies.

At the same a devalued "Green £" would raise the tariffs on imports of which wheat for breadmaking and maize for animal feedstuffs are most important, and reduce the export subsidies that reduce

the cost to British of supplies from the EEC.

The Ministry of Agriculture feels these short-term price increases, which are inevitable in the long term at a time when the Government is trying to help maintain the confidence of U.K. farmers in expanding domestic food production and cushioning the effects of a drought. "Shirley Williams ought to go and see for herself how bad the situation is," commented one Ministry official.

claiming that her Department of Prices had greatly underestimated the effects of the drought in its arguments opposing a devaluation of the "Green £" since their costs in sterling are rising fast.

But among farmers, especially livestock producers, the is by no means unanimous agreement that a "Green £" devaluation would be helpful bearing in mind its effect raising the cost of grain a the probable difficulty of coupling this from housewives raising retail prices.

In addition any adjustment in the "Green £" is likely to be curtailed severely as a suit of the opposition from Shirley Williams and the manufacturers, who for one are in agreement.

The food manufacturers argue that across-the-board devaluation would not really solve anybody's problems but would instead add to both the industry's burdens and those of the consumer who would end footing the bill. The drought, they point out, has no effect on all farmers, nor all areas of the country. But a devaluation of the "Green £" would add the costs nearly every to manufacturers.

There is also a feeling among manufacturers that they are being treated unfairly: who have seen their profits eroded during a period of price controls, the farmers appear to be doing relatively well. Rather than devaluation, most manufacturers would like selective help for some sectors coupled with complete review of the Common Agricultural Policy.

This strong opposition to well cut any devaluation of the "Green £" back from the proposed figure of around 10 per cent, although farmers may view this as an insult rather than a help. Whatever happens there is no doubt that the price of some food, notably potatoes and vegetables, is going to rise steeply as a result of drought.

## Letters to the Editor

### Entrepreneurs

From the Manager, Technical Development Capital. Sir—The prominence which you gave to the article (August 16) by Professor Sir John Freeman and Mr. Austin Albu was well merited. It concluded that a vital factor in achieving industrial growth is investment in support of entrepreneurial initiative and the capacity of profit-making innovation.

Clearly Britain's recovery will come when it does, mainly from the improved performance and growth of already established companies. But it is also important that new ones should be started; to achieve this we must positively encourage green-field entrepreneurship linked with innovation.

We find there is no shortage of new product designs or innovations, but that the technologists are seldom commercially minded. Nor do many natural entrepreneurs approach us in partnership with designers of new industrial products or methods.

Perhaps our kind of society no longer breeds enough business creators nor attracts a sufficient number from abroad. Perhaps the potential profit from manufacturing industry is too low compared with that of other business activities which, though profitable to their owners, create less real wealth. But there may still be a few lively-minded people who are prepared to invest their ingenuity, time and energy in building new technologically based companies which, in the long run, will bring them worthwhile rewards—and which will also add to the country's industrial growth.

H. A. R. Stevens, 51, Waterloo Road, S.E.1.

### Mails

From Mr. C. Bates. Sir—Can I suggest that it is about time, one of the appropriate Government Departments, possibly the Office of Fair Trade or of Consumer Protection, examines the Post Office. When the "first class" post was introduced it was delivery generally by first post the following day. Then it slipped to "delivery the next day," a recent review by this writer, over

an extended period, has firmly established little or no difference between first and second class post.

Deliveries, officially shown as two per day, except Saturday (or Sunday), are very frequently one per day, due to "my colleague being on holiday/sick or away." In the case of the local office, more often than not, special issue stamps are not available for more than one day, despite complaints to the local manager.

Can I suggest industrialists, keep a close watch on mail deliveries and see they get first-class delivery when paid for—or alternatively, send all mail second class and force a reduction in price. What price posting a letter first class post on Saturday, after 13.00 hours, for the following Tuesday, with no second class mail. Once the U.K. had a postal service second to none, none I suggest, it is as bad as any banana republic, it is certainly an expensive.

Colin C. Bates, Euro-Testing and Engineering Control Services, 3, Orerford Close, Cranleigh, Surrey.

### Benefits

From Mr. J.



The Dutch body politic has received a hard knock from the Lockheed bribes affair. Reginald Dale assesses the repercussions.

# Political impact of Bernhard's "naivety"

FOR CENTURIES THE Dutch have been reluctant to hear his business and armed forces functions. The Commission's detailed 500-page report makes astonishing reading. Perhaps the most damning section of all covers the last few months of 1974, when the Prince is said to have written to Lockheed asking for a commission on Dutch Government purchases of Orion anti-submarine aircraft, which the company estimated to amount to between \$4m. and \$6m. Bernhard subsequently reduced his demand to \$1m., and when the money did not arrive wrote another letter pointing out how hard he had worked over the years "to prevent wrong decisions influenced by political considerations." The deal finally fell through, but not before the Prince had suggested to Lockheed that a secret bank account be opened in Geneva and telephoned the Dutch Minister of Defence urging him to buy the Orion.

## Popular

The country's immediate reaction to the revelations has been to rally round the immensely popular Queen Juliana, who had earlier hinted that she would abdicate if the report did not totally clear her husband. Nobody wants her to go. Even the most dedicated republicans have publicly stated over the last six months that while they disapprove of the monarchy it should not end in this way. The Government has tried to make it very clear that it does not regard the Lockheed affair as a constitutional issue. The general expectation now is that the Queen will abdicate within the next year or two, to make way for 38-year-old Crown Princess Beatrix and her husband Claus, 50 next month—obody is seriously questioning

to present the move as having nothing to do with the Prince's fall from grace.

An opportunity could arise next year, when the Queen will be 68, the same age as her mother, Queen Wilhelmina, when she abdicated in 1948. But the general view is that Juliana will stay at least as long as the Lockheed affair rumbles on—there may now be further revelations that other leading figures have been involved. The Government's aim will be to secure the sort of smooth transition to the next generation that Juliana herself had originally planned.

Princess Beatrix has so far tended to live under the shadow of her mother but is generally well liked. The German Prince Claus, after a shaky start, has become widely popular. He speaks even better Dutch than Bernhard who was also born a German, and has made a name for himself through his interest in environmental and Third World issues.

But Mr. Joop den Uyl the Socialist Prime Minister, has had to pay a price for this scenario. It is likely that the Queen would have abdicated immediately if the Government had recommended the opening of criminal proceedings against the Prince. It is here, if anywhere, that Mr. den Uyl's skillful handling of the matter will be challenged. Bernhard, it is already being pointed out, is benefiting from a degree of immunity that would not be possible for an ordinary private citizen. Legal proceedings were started in the Dassault affair, when the French company was accused of trying to bribe Dutch MPs during the "arms deal of the century," on much shakier evidence.

There has not yet been any



Prince Bernhard at the controls of a Lockheed Jet Star.

sign of widespread protest, however, given the fact that the general public does not want to provoke Juliana's abdication. So far only the small republican Pacifist Socialist Party has talked of the need for legal action (it has also said Bernhard should pay back the Lockheed money), but the party has only two MPs out of 150. One of the smaller parties in the five party Government coalition, the radical PPR, was considering

whether to call for a parliamentary inquiry into the whole field of military procurement. But the general expectation is that the Government's line will be overwhelmingly endorsed when Parliament debates the affair on Monday.

Nevertheless, it will be difficult to avoid all debate on the future of the monarchy and particularly the extent to which it should come under greater Parliamentary and Government

control. At the moment the Queen's main power is exercised in the formation of new governments, where she can wield considerable influence. The country's system of proportional representation ensures that all Dutch governments must be coalitions (there are 14 parties currently represented in Parliament and individual members can gain seats with a minimum of between 40,000 and 50,000 votes).

If there is no clear choice for Prime Minister, the Queen appoints an *Informateur* who takes soundings and reports back to her. She then appoints a *Formateur*, or Prime Minister designate, to put together a Cabinet. Particularly when her advisers disagree, as they did when the present Government was formed after months of manoeuvring in 1973, the Queen has a fairly free hand. There is little doubt in Government circles here that the present five-party coalition, composed of three progressive and two centrist parties, fairly accurately reflects her personal preference.

There have already been calls from constitutional experts for a move to a Swedish-type monarchy, where the sovereign has no political power at all. Similar suggestions were again being heard yesterday, though still in isolated fashion. It is ground where Mr. den Uyl will have to tread extremely carefully. With an already difficult election coming up in May, the Prime Minister will be taking the greatest care to ensure that neither his own Socialist Party nor the Government can be portrayed as being in any way responsible for undermining the monarchy.

An opinion poll last year showed roughly 90 per cent of the population in favour of the

monarchy—even though many Dutch people maintain that they are fundamentally republican. One MP here predicted this week that if the country stood for president she would win 99 per cent of the votes. The right-wing parties and Press are standing by to exploit any sign that the Government is against the monarchy. This indeed was Mr. den Uyl's first major reason for working so hard to avoid an abdication before the elections. His second was that Princess Beatrix, who is extremely fond of her father, might quite possibly have been reluctant to take over in such circumstances.

## Election

Mr. den Uyl already has enough problems as the election approaches. Inflation was running at 10 per cent last year, exceptionally high by Dutch standards, and unemployment is currently at the record level of almost 6 per cent. The Government's hope is that both will begin to ease before the election (the inflation target for this year is 8.5 per cent). But this cannot be taken for granted. The trade unions, the Socialist Party's traditional base, are getting increasingly restive after three years in being heard yesterday, though which free wage bargaining has been suspended, and a major factor will be the economic policies adopted for 1977, after the current wage freeze and price controls run out at the end of this year. The Government will be keeping a close eye on the negotiations between unions and employers for next year that are due to begin in the autumn.

Partly to placate the unions the Government is meanwhile trying to push through an ambitious programme of socialist

legislation in the coming months, including land reform, greater worker participation and a scheme under which companies would be required to share excess profits with workers. The proposals are understandably popular with the unions, but they do not have wide-ranging grass roots support throughout the country. The main opposition party, the Right-wing Liberals, are confident that in these circumstances they can boost their seats in Parliament from the present 23 to 30 or more in the May elections. Their aim is then to form a coalition with the three centrist Christian Democratic parties, two of whom are currently in alliance with the Labour Party, driving the Socialists into opposition. In the centre, there is a worrying development for the Socialists with the three Christian Democratic parties attempting to form a joint front for the election under the title Christian Democratic Alliance.

However, the best betting here is that the present coalition will survive in much the same form after the elections, although it is of course far too early to be sure. The Labour Party, for example, is saying that it will not join a new coalition with its Christian Democrat partners if they obstruct its reform programme. But the Socialists do seem to have succeeded in their main objective of recent months, which has been to ensure that the monarchy does not become an election issue. For this, ironically, they have Prince Bernhard largely to thank. There is little doubt that the controversy over their decision to institute an inquiry would have raged on if the report had either exonerated or been less critical of the Prince.

## LABOUR NEWS

### Printing union move affects 60 papers

BY ROY ROGERS, LABOUR CORRESPONDENT

IXTY PROVINCIAL newspapers and magazines began to be affected last night when the National Graphical Association went ahead with its threat to escalate a dispute against employers using copy from non-GA sources. The Leeds-based Yorkshire Post was one of the first casualties as the NGA called out all its members in groups which have sued dismissal notices to NGA members for imposing sanctions. Assuming all NGA members in the two groups concerned—Printers and Allied Presses—follow the instruction then about 10 publications will be affected. Eleven papers, nine of them in the United Kingdom, were closed down earlier this week by the NGA for issuing dismissal notices. Last night Mr. Joe Wade, the NGA general secretary, was absolutely confident that his members would obey the instruction which is expected to be extended to members of the London-based St. Regis group which yesterday issued dismissal notices to NGA members imposing sanctions. The Bolton group runs one of the seven weeklies. The Newspaper Society, which represents provincial newspaper employers, has urged its affiliated members to "stand firm" against the NGA sanctions and as called a special council meeting for next Tuesday.

## Guardian move

The Guardian moves offices this week to Farringham Road, London, where new facilities transmission processes are due to operate from Sunday evening. Printing of London editions of the Guardian will, however, continue at Thomson House at Gray's Inn Road.

### Leyland strikes could spread to Jaguar plant

BY ROY ROGERS, LABOUR CORRESPONDENT

BRITISH LEYLAND'S car unit remained disrupted by a burst of strikes yesterday which hit Allegro, Mini, Princess and taxi assembly lines. And this situation, which is using the loss of some 1,000 a day could deteriorate under this morning when 800 workers in the Jaguar plant shop Coventry meet to consider top stewards' recommendations to step up industrial action in a long-running dispute over a siting of a new plant shop. Jaguar shop stewards are so busy at the management decision to site the new plant at Birmingham, and not Coventry, originally planned, that they are threatened to withdraw from the company's joint participation committees. Jaguar shop workers are already running overtime. Meanwhile 8,000 production workers remain idle at Longbridge, Birmingham, because of pay strike by 90 rectifiers which has halted Allegro and Mini lines. The strikers' members of the Amalgamated Union of Engineering Workers, are due meet on Monday to consider advice to return. At Leyland's other car plant at Cowley, Oxford, Princess and taxi lines were closed again yesterday as about 40 assembly workers' support. The support workers' facilities for withdrawing by the company for illing unauthorised meetings during work. The plant will be opened again Monday—Leyland plants will be working through the bank holiday—but it remains

### Nissan ponders plan for European manufacturing plant

BY CHARLES SMITH

TOKYO, August 27.

NISSAN, Japan's second largest motor manufacturer but the world's biggest car exporter last year, is considering the establishment of a motor manufacturing plant in Western Europe. Mr. Masataka Okuma, the company's executive managing director, told the Financial Times. Mr. Okuma emphasised that sales of Nissan cars in Europe had yet to reach the point where local manufacture would be viable, but that this point was likely to be reached in the foreseeable future. In Nissan's view, other considerations point strongly towards European manufacture, including the resistance that is building up in Europe to direct exports from Japan, the high costs of shipping completely built-up units, and the fact that a European car factory could be used to supply Nissan's markets in Africa and the Middle East. Mr. Okuma said a decision had yet to be taken on where to locate a Nissan factory, but the company had virtually eliminated West Germany, France and the U.K.

### Tories rap leaders for lack of impact

BY RICHARD EVANS, LOBBY EDITOR

THE GROWING frustration among many Tory backbenchers at the failure of leading Conservatives to make more impact at a time of grave political difficulty for the Government broke surface yesterday. Mr. Nicholas Fairbairn, Conservative MP for Kilmarnock and West Perthshire, launched an attack on the Shadow Cabinet, although he specifically excluded Mrs. Margaret Thatcher, "an exceptional inspiring captain," from his strictures. But what is wrong with our 1st X? Nobody knows who most of them are, or what any of them think or say, with one or two notable exceptions," he writes in the latest issue of Conservative Monthly News.

The crux of Mr. Fairbairn's case is expressed in a speculation about the parties if their rules were reversed. If a Conservative Government with an overall majority of one had just lost more than 10,000 votes in two by-elections, had introduced wage restraints and was presiding over 1.5m. unemployed, "the Socialist Opposition would be everywhere triumphant and the Conservative Government would be craven and terrified of its impending destruction." Instead, the Conservative Opposition was ineffective and lacking in confidence, and the Government was arrogant and self-assured.

Although Mr. Fairbairn, a leading Scottish advocate, is regarded as a slightly eccentric right-winger, his outspoken views will receive the support of many fellow MPs. It is widely accepted that members of the Shadow Cabinet have been generally ineffective in their Commons confrontations with Ministers. In Mr. Fairbairn's view, it is the duty of every MP to become

## Draft study of complaints

By Richard Evans

GOVERNMENT PROPOSALS to establish an independent Police Complaints Board for Northern Ireland were published yesterday as a draft Parliamentary Order. The Board would receive from the Chief Constable copies of investigation reports on complaints from members of the public against police officers. The proposal follows the recommendation last May from a working party on handling complaints against police which suggested that an independent element should be introduced in Northern Ireland in line with that proposed for England and Wales. The only difference is that in Ulster copies of all complaints are to be sent to the Board for information as soon as they are received by the Chief Constable. Mr. Merlyn Rees, Secretary for Northern Ireland, considers that this additional measure is appropriate in the light of the special circumstances in Ulster.

TUC LEADERS meet the Prime Minister on Wednesday to discuss unemployment. Other events and statistics next week include:

TUESDAY—Department of Environment July provisional figures on housing starts, completions and grants. Bricks and cement production (July).

WEDNESDAY—First restrictions

## Economic Diary

on water supplies to industry by Welsh National Water Development Authority. Lord Boyd-Carpenter, chairman of the Civil Aviation Authority, is guest speaker at Financial Times World Aerospace conference lunch, London Hilton Hotel. Central

during August. Department of Industry August provisional vehicle production and estimates of new car registrations.

FRIDAY—National Institute of Economic and Social Research quarterly review. CSO second quarter statistics on public sector borrowing requirement and details of local authority borrowing.

# New from Abbey—A guaranteed high income for life.

Abbey Life have introduced a new plan designed for those people between the ages of 40 and 85 who think they're not getting enough interest from their savings. It provides a high guaranteed income every year.

Not only is the income higher than that currently offered in a deposit or savings account, but it is also guaranteed and cannot be affected by any fluctuations in interest rates in the future.

Of course any guarantee is only as good as the company that guarantees it.

And with funds under management of over £350 million and over 100 thousand investors, Abbey Life is an experienced and soundly based company.

Age at Birth	Men	Women
40	8.9	8.8
50	9.2	9.0
55	9.4	9.2
60	9.6	9.4
65	9.9	9.6
70	10.2	10.0
75	10.6	10.3
85	11.0	10.7

Only a change in the basic rate of tax will affect the rates shown in the table. Income is normally paid yearly but it can be paid half-

yearly at a slightly lower rate. The Plan also offers the investor a cash sum in the event of early death or surrender. Unlike the conventional annuity, where there is no return of capital at all.

The Abbey Life Income Plan is thus ideal for any investor aged 40 or over who wishes to receive a high after tax income from his savings for the rest of his life and yet also wishes to ensure that capital is available for his estate.

The minimum investment is £1,000 and the maximum is normally £50,000.

To apply for the Abbey Life Income Plan simply fill in the coupon below and return it to us with your cheque.

To: New Business Dept., Abbey Life Assurance Company Limited, P.O. Box 65, Abbey Life House, 140 St. Paul's Churchyard, London EC4A 3DF.

I hereby apply for an ABBEY LIFE INCOME PLAN as described above for a total purchase price of £ (minimum £1,000), and I enclose a cheque for this amount, payable to Abbey Life Assurance Company Limited.

I wish to receive a regular income for the rest of my life, payable in ☐ yearly ☐ half-yearly.

I understand that the last income payment will be made on the date immediately preceding my death.

Full Name (in block letters)  (Print Name)

Address

Postcode

Date of Birth  Day  Month  Year

I am resident in the United Kingdom. This offer is not open to residents of the Republic of Ireland. I declare that the above statements are true and correct and that I am not a director of any company connected with the insurance business.

Signed  Date

**Abbey Life Income Plan**

Plan No. England 76282. Reg. Off. 140 St. Paul's Churchyard, London EC4A 3DF. A British Company Ltd.



# COMPANY NEWS + COMMENT

## Goode Durrant slumps after six months

AGAINST a forecast of a better year, Goode Durrant and Murray Group announces a decline in pre-tax profits from £530,000 to £103,000 for the six months to April 30, 1976. Profits for the last full year amounted to £6,89m.

Chairman, Mr. L. Robinson reports that things the directors have been doing to bring the group back to proper profit levels are taking longer than expected to come to fruition. However, the directors feel that this is just a setback in time, he says.

He adds that the current year has been and will continue to be a difficult one but indications are that second half profits will be better than those now reported.

For the first half the loss of £113,000 (£186,000) from Rawlins, the house building and property development subsidiary, partly expected and the directors were not "bedevilled" by additional provisions for instalment credit and banking loans. The greater part of profits were absorbed by these factors.

Meanwhile the banking loans made against the security of land and residential developments have been reduced since the start of the year by approximately £2m, and at July 31 stood at £5m. The group's increase in liquidity continues as planned and overseas profits were maintained.

Net asset value per unit (deducting prior charges at cost) was 102p (102p). This includes 27p (22p) of currency premium of which 81p (71p) is subject to surrender on sales.

Goode Durrant and Murray's first half figures have fallen well below expectations but it would not be fair to place all of the blame on Rawlins. Broader factors are at work, and the group's performance is unlikely to be any better, despite the relative strength of the balance sheet: cash is currently around £13m.

At the annual meeting of Thorn Electrical Industries, Sir Jules Thorn, retiring chairman, told shareholders that figures available for the first four months of the current year were better than last year's. Although he did not make forecasts about the future, Sir Jules said that the company is "in excellent shape".

In a separate announcement yesterday, a subsidiary of Thorn Electrical, Metal Industries, revealed that it has sold 50 per cent. equity stake in the European semi-conductor joint venture to its partner International Rectifier Corporation of the U.S. for about £1.4m, in cash, in excess of net asset value.

The sale involves three companies, International Rectifier (Great Britain), and a Belgian and Italian company.

**MIXCONCRETE PIPES**

The resolution to cancel the outstanding £22,930 3 per cent. first debenture stock of Mixconcrete Pipes was passed by debenture stockholders at their meeting.

The best known North Sea oil field, the Forties, is expected to contribute significantly to the profits of British Petroleum for the first time in the second quarter results to be announced on Thursday. But brokers' estimates of how much it will contribute vary from £7m to £18m, with the pessimists emphasising that high fixed costs will keep profits down until full production is reached. In view of the sharply differing views about the Forties field, the broad agreement about total net income at £50 to £60m is surprising. B.P. caught out the analysts last time (too optimistic) and might do so again.

Expectations of a strong recovery for Imperial Chemical Industries this year and next encouraged by a considerable improvement in its first quarter

### HIGHLIGHTS

The report and accounts of United Dominions Trust shows little improvement, although the planned refinancing arrangements will strengthen the capital base. The Heywood Williams Group reported a loss of £826,000 and has passed the dividend. Maple Macowards incurred a £2m loss and its accounts have been qualified by the auditors. Its hopes now rest on finding tenants for the Tottenham Court Road development before selling it. Among the interims, Baring Brothers reported lower profits but hopes to make up the difference in the rest of the year. Britains experienced a slide in profits and has cut the interim dividend, while the Goode, Durrant and Murray Group has made a third of last year's half-way profits.

## Second Alliance expansion

FOR THE year to July 31, 1976 gross revenue of Second Alliance Trust Co. has risen from £1.86m to £1.91m, and net revenue after tax is up from £0.86m to £0.88m. Earnings per 25p unit expanded from 4.88p to 4.90p and the dividend is stepped up from 4.3p to 4.75p with a final of 5.35p net.

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### Interest cut aids Wagon Finance

REFLECTING A sharply reduced interest charge first half 1976 pre-tax profit of Wagon Finance Corporation increased from £496,777 to £846,801.

The reduction in money costs arose mainly in first four months. In view of the possibility of further marked fluctuations in costs, it is unwise to forecast the profit for the whole year, the directors state. Profit for 1975 was £1,438,305.

Earnings per 25p share for the six months increased from 2.25p to 4.02p. As before there is no interim dividend. A single payment of 3p net was made last year.

Amounts advanced under new credit arrangements in the half year were almost 15 per cent. higher than in 1975 and in the present economic climate, the directors consider this quite satisfactory.

Major G. L. Webb (with around 52 per cent. of the equity)—who is at present trying to resist attempts to remove him from the Board of troubled equipment group Twinlock—has been qualified by Safferys, the auditors.

The qualification states that the accounts of two overseas subsidiaries which have not been audited are included in the consolidated accounts and that the creditors are therefore unable to obtain an opinion as to the figures relating to these companies give a true and fair view.

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The best known North Sea oil field, the Forties, is expected to contribute significantly to the profits of British Petroleum for the first time in the second quarter results to be announced on Thursday. But brokers' estimates of how much it will contribute vary from £7m to £18m, with the pessimists emphasising that high fixed costs will keep profits down until full production is reached. In view of the sharply differing views about the Forties field, the broad agreement about total net income at £50 to £60m is surprising. B.P. caught out the analysts last time (too optimistic) and might do so again.

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At the annual meeting of Thorn Electrical Industries, Sir Jules Thorn, retiring chairman, told shareholders that figures available for the first four months of the current year were better than last year's. Although he did not make forecasts about the future, Sir Jules said that the company is "in excellent shape".

In a separate announcement yesterday, a subsidiary of Thorn Electrical, Metal Industries, revealed that it has sold 50 per cent. equity stake in the European semi-conductor joint venture to its partner International Rectifier Corporation of the U.S. for about £1.4m, in cash, in excess of net asset value.

The sale involves three companies, International Rectifier (Great Britain), and a Belgian and Italian company.

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### Britains midway downturn

TURNOVER OF fine paper, makers, Britains, increased from £17.31m to £17.31m in the first half of 1976 but pre-tax profit slumped from £740,000 to £121,000.

The directors are cautiously optimistic, but are still of the opinion that the indicated earlier it will be towards the end of the year and into 1977 before there is a worthwhile improvement in group profitability, says the chairman, Mr. R. Latchford.

The interim dividend is reduced from 1.375p to 0.35p net per 25p share. Last year's total was 3.015p.

Major G. L. Webb (with around 52 per cent. of the equity)—who is at present trying to resist attempts to remove him from the Board of troubled equipment group Twinlock—has been qualified by Safferys, the auditors.

The qualification states that the accounts of two overseas subsidiaries which have not been audited are included in the consolidated accounts and that the creditors are therefore unable to obtain an opinion as to the figures relating to these companies give a true and fair view.

Goode Durrant and Murray's first half figures have fallen well below expectations but it would not be fair to place all of the blame on Rawlins. Broader factors are at work, and the group's performance is unlikely to be any better, despite the relative strength of the balance sheet: cash is currently around £13m.

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Mr. Stephen M. de Bartolomé, chairman of Wagon Finance Corporation.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total last year	Total this year
Allen Harvey & Ross Int.	7.0	Oct. 15	7.0	—	—
Alliance Trust Co.	1.6	Oct. 25	1.6	—	—
Arroitt Dublin	7.0(a)	Jan. 31	6.0	—	—
Britains	0.25	Oct. 15	1.51	—	—
C.C. Ry. Trust	1.83	Oct. 1	1.48	—	—
Elys (Wimbledon)	0.67	Dec. 7	0.67	—	—
Ind. Newspapers	1.73(a)	Oct. 1	1.58	—	—
Leopold Joseph Inv.	0.99	Oct. 6	0.8	—	—
Kennedy Smale	0.72	Oct. 15	1.38	—	—
Leigh Mills	1.05(c)	Nov. 1	0.94	—	—
Richardson Smith	2.57	Oct. 29	1.1	—	—
Second Alliance Trust	3.33	Oct. 18	2.9	—	—
Wagon Finance	Nil	—	Nil	—	—

Dividends shown pence per share net except where otherwise stated.

(a) Equivalent after allowing for scrip issue. (b) On capital increased by rights and/or acquisition issues. (c) Gross. (d) For 16 months.

The company was very active in North Sea oil development both on and offshore; these contracts involved labour intensive work and were in the nature of logistic exercises.

Mr. Lochhead could not state when the Ordinary dividend, which had been passed for the past three years, would be restored. That would come after the Board had agreed to pay the dividend. The company's dividend which he hoped might be this year.

ALTHOUGH TRADING conditions of bill brokers and bankers, Allen Harvey & Ross for the first half year were more difficult than for the comparable period last year, trading profits have been satisfactory and the company is well placed to meet any change in 1976 rates in the second six months, the directors state.

An unchanged interim dividend of 7p net per £1 share is declared. The total for the year to February 3, 1976 was 25p. Net profit for that year increased from £671,805 to £714,573 after making provision for rebate and tax and a transfer to reserve for contingencies.

The horizontal division's first half sales were similar to the 1975 but lower profits resulted. This reflects the further rise in costs due to the deterioration of sterling exchange rates. Sales in the second half are expected to follow the general level of the first half, but profitability will be lower than in 1975, the directors state.

The engineering division's sales were marginally down but improvements in manufacturing efficiency are beginning to work through to profits. The order book remains healthy and negotiations for a major new camera order are nearing completion. A new machine shop is being installed. Divisional results for the year are expected to be an improvement on the previous year, the directors add.

**Walthamstow Stadium**

TURNOVER FOR the year to November 30, 1975 at Walthamstow Stadium was £134,000, up from £117,000, but pre-tax profit fell to £284,329 (£314,108). Dividends paid total 10p 18p per share (10p 18p).

Income during the last months of year was below expectations. Attendances and ticket turnover in the first seven months of the current year 17 per cent. higher, respectively, and with the Price Commission preventing the company from increasing ticket prices, it is inevitable that profits will be lower for this period.

Some £130,000 to £200,000 will be needed to bring kennel accommodation up to the new NGR standard.

The company's shareholding in G.R.A. Property (costing £206,000 originally) has been written down to £1 nominal. As known, G.R.A., whose shares are suspended, owns one-third of Walthamstow Stadium.

In their annual report, the directors refer to considerable correspondence with the Price Commission who contend that the company has made excess profit of some £125,000 between May 1, 1973 and November 30, 1973, and this should be returned to patrons via price reduction or otherwise.

The company disputes the claim and strongly resists it seeking a meeting with the Commission.

**Little change at L. Joseph**

Gross revenue for the year to June 30, 1976 fell from £33,317 to £30,751 at L. Joseph's Jewellers. Profit is virtually unchanged at £172,260 (£173,810).

## Maple Macowards loss £2.02m.

AN INCREASED loss of £2.02m, against £1.7m, was incurred by Maple Macowards in the year to January 31, 1976 on a turnover up from £23.76m to £25.85m.

Although the loss is unsatisfactory, considerable progress has been made towards resolving the group's difficulties, the directors state.

Since the year end the Tottenham Court Road development has almost reached completion and almost half the office accommodation has been let and will produce income from October. It is intended to dispose of the commercial element of the development as soon as practical.

The sale of the residential section to Camden Council for £1.45m, and the sale of the television division for £2.32m will reduce the losses. The Maple's furniture division substantially improved its profitability during the year and is expected to confirm this improvement at the end of the current year's trading, the directors add.

Preference dividend due on November 1, 1975 will not now be paid. Loss per Ordinary and Deferred 20p share £2.02 (£1.70) after tax and Preference dividend. After extraordinary items the loss was £15.9p (£17.2p).

TURNOVER of the year to January 31, 1976, was £25.85m, up from £23.76m, and pre-tax profit £238,287 for the 16 months to April 30, 1976. The figure for the previous year was £20,833 respectively.

A final dividend of 2.5p net per share will be paid, the total to 3.5p net per share, compared with 2.0p net per share in 1975.

Group turnover was £24,428,000, up from £22,840,000, and pre-tax profit £238,287, up from £20,833. The group's net profit was £238,287, up from £20,833. The group's net profit was £238,287, up from £20,833.

Maple Macowards is an old established furniture retailer which has been in the business since 1884.

The auditors, Deloitte and Co., report that the Tottenham Court Road development, which is near to completion, is included in the balance sheet at estimated realisable value, at £14,020,000 as valued by the directors, based on independent professional advice.

On a TURNOVER up from £23.76m to £25.85m, pre-tax profit of £238,287 was recovered from £20,833 in 1975. The interim dividend is stepped up from 1.375p to 1.75p gross per 25p share. Last year's total was 4.3p.

Higher levels of both advertising and circulation revenue. This was attributable primarily to higher prices but also reflected satisfactory performance in volume terms, considering the depressed state of the Irish economy.

While profits recovered somewhat from the depressed level of 1975, the company's all kinds continued to be a problem and the level of after tax profits still represents only 4 per cent. of turnover, says the chairman, Mr. R. Murphy.

While circulations maintain their pre-eminent position in the Irish market, the outlook for advertising revenue during the second six months is difficult to predict. The bank's dispute has affected certain important sectors adversely. At this early stage, it is impossible to predict the profit outcome for the year but the directors will be disappointed if there is not a substantial recovery from the results of the past two years, says Mr. Murphy.

A feature of the period was a marked improvement in results from the British subsidiary Employment Publications, reflecting more buoyant advertising sales.

Prospects for the construction sector are unsettled, but the company's overall trading position remains firm.

REASONABLES have the blame for its 30 per cent. pre-tax downturn at the door of the Price Commission. The need to reduce its profit margins to come within its reference levels are evidently fully responsible for the decline which otherwise would not have occurred. So runs the company's argument, but nevertheless the shares shed 7p on the figures to

£102,438 (£100,808).

A final dividend of 0.38p net per share is announced, making a total for the year of 1.25p, against 1.33p.

Earnings per share are 1.37p (1.25p). Net asset value per Ordinary share is 82.9p (75.2p) fully diluted.

Midway rise for Gibbs and Dandy

Despite the trading difficulties, builders' merchants, etc., Gibbs and Dandy has improved its first half 1976 profit from £110,038 to £137,053 before debenture interest and tax.

Chairman Mr. J. Dandy says the group has benefited from its past expansion programme. The transfer of the wholesale tool division to Bilton Way, Luton, alongside the electrical division, has already proved advantageous.

He expects the group to maintain its present position during the second half. In the year 1975 profit was £260,000, and the dividend 1.481p net.

Turnover in the first half came to £3,74m (£3,14m). After debenture interest £10,710 (same) and tax £68,610 (£53,000), net profit was £10,063 (£10,322).

Control equipment and textile machinery engineers Kennedy Smale reports pre-tax profit of £209,607 for the year to March 31, 1976, compared with £210,899.

After tax of £99,919 (£99,256), minorities £10,959 (£11,309), and extraordinary items, debt £27,998 (nil), there is a net profit attributable to holding company of £70,761 (£69,733).

Earnings per 10p share are 2.09p (£2.80p). The final dividend is 0.71p net, making a total of 1.365p (£1.35p).

The aim is to achieve a capital



## Over bids and mergers

**DT £70,000  
mpensation**

**rise at  
Lewis**  
The John Lewis  
department stores  
alist shops last week  
more than \$3.7m.—15.7

## RECENT ISSUES

## EQUITIES

Fixed Interest Stocks		Stock		Closing Price	Change
Yield	1978				+
Fixed	Low				
100	100	Agricultural Mortgage Bond 1978.....	100	.....	
10	8 7/8	U.S. Gov. 15 1/2 Year Note, Feb. 1981.....	10	.....	
37 1/2	8 1/2	54 Lincoln 13 1/2% Ref. Stock 1982.....	40	+ 1/4	
3/8	10 1/2	51 Alcatel Kent Water 8 1/2% Ref. Pfd. 1981.....	40	.....	
12 1/2	8 1/2	1003 New Brunswick (Province) Gen. Sec. 1982.....	9 1/2	.....	
12 1/2	10	94 Pennsylvania Water 8 1/2% Ref. Pfd. 1982.....	9 1/2	.....	
12 1/2	8 3/4	954 Royal Can. Mort. 9 1/2% Ref. 1982.....	9 1/4	.....	

## RIGHTS' OFFERS

[illegible]

## BIDS AND DEALS

## NCI now has control of Beyer Peacock

## Pilkington extends for

## Pilkington extends further

Mrs. Shirley Williams, Secretary of the State for Prices and Consumer Protection, has decided not to make the following proposals for the Monopolies and Mergers Commission:

## NO PROBES

## PRELIMINARY RESULTS

Company	Year to	Pro-tax profit (2000)	Earnings* per share (p)	Dividends* per share (p)	
Allied Invests.	Apr. 30	219 (288)	1.9 (1.7)	0.683	(0.628)
Assoco. Fabrics	May 1	14,722 (9,822)	15.1 (10.4)	1.245	(1.182)
Assoco. Mfg.	May 1	361 (25)	0.8 (0.2)	0.25	(0.2)
Touchins	Apr. 30	826 (357)	2.00 (7.8)	2.25	1.20
Marler Estates	Mar. 25	44† (29)	0.5	—	Nil
Photoflex Intl.	Apr. 30	824 (850)	6.1 (6.6)	1.28†	(1.17)
Restorm Group	Apr. 30	424 (21)	1.38† (1.1)	0.25	(0.266)
Restorm Group	Apr. 30	81† (1,24)	4.5	—	4.0
T. & C. Proprs.	Mar. 24	7,684 (12,096)	—	—	(0.01)

## Toyota to try new tactics for Bristol distribution centre

BY JOHN WYLES, SHIPPING

**Further**

## Hot summer 'should boost motor-cycle sales'

651,800 for the year ending August 1. The vendors have

**BY TERRY DODSWORTH**

"Financially we are in a very healthy state and I can do nothing other than take an optimistic view about future trading prospects for the group," he added.

## Promising first quarter for Lennons

The stores, both of which have a sales area of under 4,000 square feet, will no longer trade under the name of the company using the name Adgega instead. As well as cutting out stamps, the management is also reducing the range of products stocked by about 25 per cent and cutting the price by around 5 per cent.

The Adgega shops will be similar in many ways to the limited range discount stores run by Fine Fare and the Fittie

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (\$000)	Interim dividends per share (p)
A.P. Cement	June 30	24,200	(19,180) 2.58 (2.38)
Autocloric	Apr. 30	127	(104) 0.84 (0.154)
Automated Sec.	May 31	92	(54) 1.182 (—)
Charles Baynes	June 30	92	(69) 1.16 (1.6)
Arthur B. Co.	June 30	2,275	(1,991) 2.571 (2.314)
BOC International	June 30	32,194a	(24,344) — (—)
B. Branner	June 30	1,422	(1,219) 1.4 (1.4)
Brattin Vending	June 30	474	(40) 0.68 (0.68)
Delya	Mar. 1	150Lb	(96)Lb Nil (Nil)
Ewode Bids.	Mar. 27	573	(518) 0.65 (0.65)
Life of Forg.	June 30	122	(100) 1.12 (1.12)
Finch Holdings	June 30	2,413	(1,912) 4.0 (4.0)
L. Gardner	June 30	335	(324) 2.3 (2.0)
Johnson Marthey	June 30	4,788	(2,581) 0.573 (Nil)
Thos. Jones	June 30	216	(138) 1.812 (0.738)
Edward Le Bas	June 30	429	(438) 0.10 (0.738)
Mather & Platt	June 30	2,321	(1,388) 1.812 (—)
Needle	June 30	122Lb	(78) — (—)
Newarthill	Apr. 30	819	(602) — (—)
Nurdin & Peacock	July 3	1,127	(880) 1.43 (0.473)
On-Swell	June 30	295	(48) 3.85 (3.85)
Pearl Assurance	June 30	349	(380)L 3.85 (3.5)
Queens Moat Houses	July 7	29	(41) Nil (Nil)
Royal Worcester	June 28	612	(1,853) 1.853 (1.05)
W. N. Sharpe	June 30	769	(774) 1.284 (1.177)
Sloosh Bats.	June 30	3,045	(2,351) 0.75 (0.823)
George Spencer	June 30	14	(38) 0.084 (0.864)
A.C. Smith	June 30	381	(28) 1.3 (1.3)
Sunbeam Wolby	July 30	134	(803)L Nil (Nil)
Thurday Baxden	June 26	50b	(11) 2.0 (Nil)
W. Wallis	June 30	1,403	(1,226) 0.822 (0.822)
Wear Group	June 25	3,880L	(3,072)L 1.34 (1.34)

## Script Issues

**Associated Dairies: One-for-three.**

**try new  
Bristol  
n centre**

**Union call  
for 10%  
rail fare  
reduction**

**CORRESPONDENT**

**'should**

**'should  
cycle sales'**

seems likely that the Government will not severely prune railway services, the union plans to give

The fact is that by reducing overheads and cutting out all but the very big selling lines, these smaller stores can offer prices which are normally only available in the large super-stores. In this way it is hoped

prices which are normally available in the large stores. In this way it to increase turnover and more than make up reduction in gross margin. price cutting involves

Several of the large super-market groups are hoping that

more than pay for themselves because of the increased business they generate. In the Midlands, however, where price competition is very intense, stamps are not so effective.

## Pension funds may go without compensation

**By Our Consumer Affairs**

said. However, the Union stressed that the Evans case should alert pension fund trustees to the proper exercise of their fiduciary responsibilities as trustees.

## Tesco drops stamps at two Midland stores

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

management is all reducing the range of products stocked by about half and cutting the prices by around 5 per cent. The Adesga shops will be similar in many ways to the

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run by Fine Fare and the Fitch stamps are not so effective.







## The Motor Cycle Show

ong hot summer and the appeal of the open air has produced a surge in motorcycle sales. Alan Wright reports on...

## The march of the superbikes

CONAL CAR manufacturers seem to use the London Motor Show for the new models, but this year the motorcycle manufacturers have taken over the show.

Earls Court for the first time in September 4 is being taken over by the world of motorcycles. At least six new models are expected to be shown, three from Suzuki, two from Honda, and one from Yamaha.

Two years ago the main market for Japanese motorcycles was in the U.K. but now it has moved to Europe. In 1975, the highest sales in this country were for the 125 cc model, with 10,000 units sold.

But not everyone is happy. The highest income tax rate is 33% and the highest rate of inflation is 24%. The highest rate of unemployment is 7.5%.

FOR THE BOUNCE... The highest income tax rate is 33% and the highest rate of inflation is 24%. The highest rate of unemployment is 7.5%.

per cent. of sales and the fact that both Suzuki and Kawasaki have chosen London as a major release venue shows the importance with which they now view the British and European market.

The reasons for the sales boom in this country are twofold. The good weather has encouraged some car drivers to forsake their stuffy cars for the breath of fresh air and with rising fuel prices the economy minded commuter is turning to two wheels with little rain to discourage him.

In recent months it is sales of larger vehicles which have been most spectacular. Sales of superbikes in the 400-700 cc category have risen by over 134 per cent. in the first seven months of 1976. Compared with 1975, the highest sales in this country were for the 125 cc model, with 10,000 units sold.

categories.

Leaving aside Honda which is already four-stroke orientated.

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FOR THE BOUNCE... The highest income tax rate is 33% and the highest rate of inflation is 24%. The highest rate of unemployment is 7.5%.

the show sees a big swing to four strokes by the Japanese manufacturers. This is to combat U.S. anti-pollution and emission legislation, for which many two-strokes are unacceptable. However, companies questioned were quick to point out that they have no plans to cut existing European two-stroke ranges.

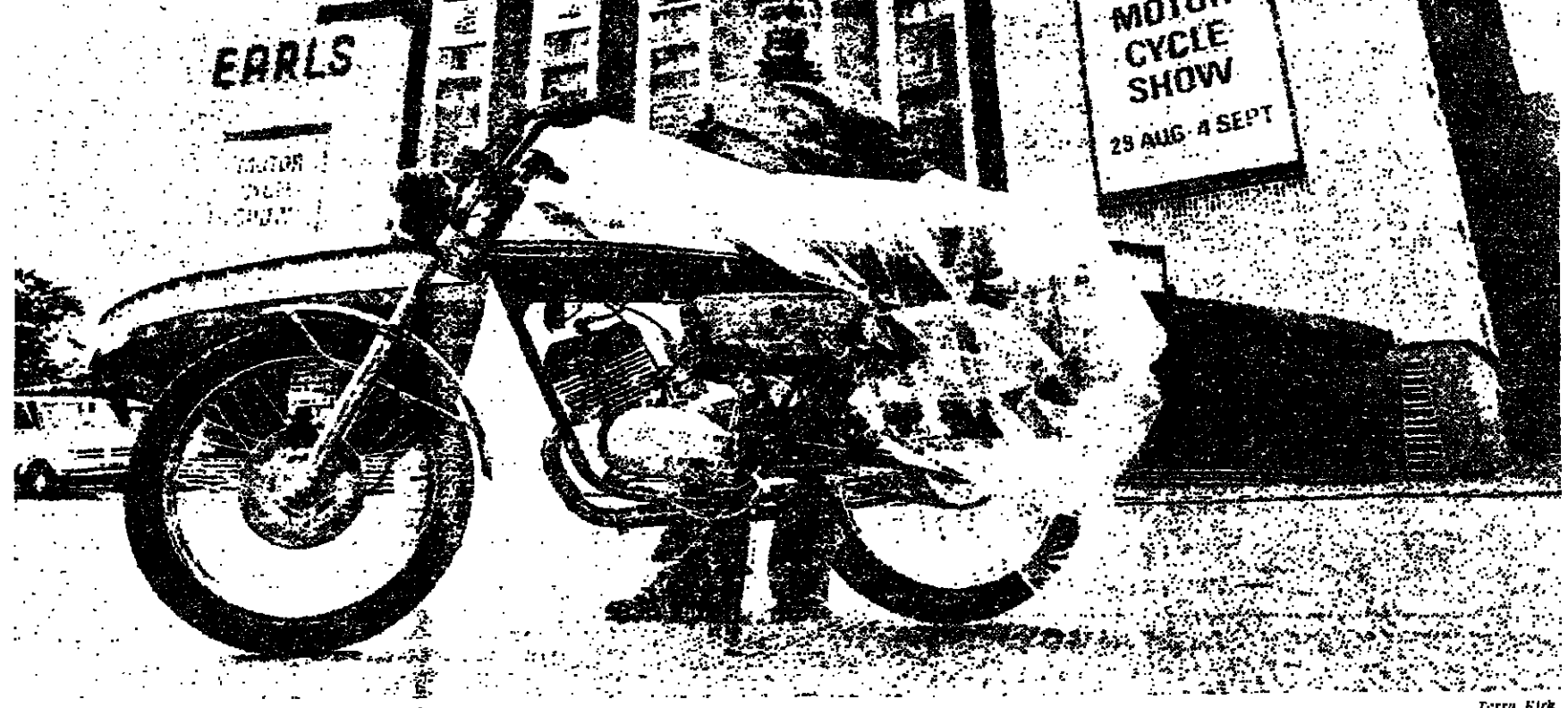
With an eye to improving its market share from 21 to 25 per cent., Suzuki has chosen London for the release of its two new bikes, the GS750 and the GS400. And the larger of the two looks like being the star of the show. Both bikes are four-strokes. Suzuki's first venture into this field for 20 years. The 750 should be available here in October, but the smaller bike will not arrive until early 1977.

Kawasaki's three new bikes are the Z850, the Z300 and the KH125. The 850 in particular will be the showpiece of the display and the significance of this machine is that it is viewed by Kawasaki as the major springboard for future model progression into the late 1970s.

says Mr. John Norman, managing director of Kawasaki sales.

The Z200 is the first completely new 200 cc four-stroke brought out by any of the major manufacturers and is one of the most important entries into the lightweight market in recent years. The KH125 six-speed motor-cycle is a road version developed out of the highly successful off-road bike, the KE125. The Eastern European motorcycle manufacturers are famous for their conservative approach and it is rare to see one of their number, East Germany's MZ, bringing out a new model. However, the London show sees the unveiling of the long-awaited five-speed version of their strong, if somewhat unexciting, 250 cc model. Work on the machine has been progressing for some time at the Zchepeau factory.

While other companies seem to increase their prices monthly, Jawa-CZ of Czechoslovakia manages to keep its prices fairly steady. Now, amazingly, it is



A proud moment for the British motorcycle industry... the wraps come off the first production motorcycle from the Meridian Co-operative. The machine, a Meridian Moto-Guzzi 125cc, is unveiled by one of the Co-operative members,

cutting the cost of its Jawa 350. The machine, renamed the CZ Sports 350, is being reduced in price by £14 to £355. Contributing to this cut is the use of Petrol lubrication and styling similar to the 250 cc twin.

Before the closure of NVT's Small Heath factory the 900 cc three-cylinder Triumph T180 was developed to the production stage. It can now be seen for the first time and, subject to the success of present talks, will be built by the Meridian Motorcycle Co-operative and marketed through NVT. Also on show is NVT's new 50 cc moped, raising the number of models in the

Easy Rider range to six. Engines for these machines come from Taiwan.

The 125 Meridian Moto-Guzzi, the bike assembled by the co-operative, takes a bow and to emphasise the co-operation between Meridian and the Italian Moto Guzzi concern the model carries the name Co/Uno 125 sports.

Already introduced in the U.S., Yamaha's top of the range XST500 makes its European debut on the stand of Mitsui Machinery Sales (U.K.), Yamaha concessionaries. Mitsui reports that the XST500 will come to the U.K. market in January or February next year.

Mr. Derek Cashmore, an engine-tester at the Midlands firm. The single cylinder piston two-stroke has a five speed gearbox, front disc brakes, a top speed of 73 mph and fuel consumption of 80 mpg.

The show's biggest stand—4,500 square feet—is that of Honda. Its full range is on display from the Cub and the 1,000 cc shaft-drive Gold Wing. The most interesting bike on show here is the CG125, aimed at the commuter market. Turning aside from its usual overhead camshaft, Honda has produced this bike with a pushrod engine claimed to do 70 mph and give 90 mpg.

Stadium, manufacturer of crash helmets, has a surprise for the man who thinks that on a motor-cycle he is free from the Coburn and Hughes stand, wife's back-seat driving. They get in order to judge customer reaction. The show's biggest stand—4,500 square feet—is that of Honda. Its full range is on display from the Cub and the 1,000 cc shaft-drive Gold Wing. The most interesting bike on show here is the CG125, aimed at the commuter market. Turning aside from its usual overhead camshaft, Honda has produced this bike with a pushrod engine claimed to do 70 mph and give 90 mpg.

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## COMMODITIES/Review of the week

## COMMODITIES STAFF

TES reached record highs on New York yesterday. Continued concern in the West African markets was also a factor. The close was also aided by the close of the week. The close was also aided by the close of the week. The close was also aided by the close of the week.

## PRICE CHANGES

Latest	Change	1976	1975
(per ton unless stated)	(per ton unless stated)	High	Low
280.8	—	280.8	280.8
281.8	—	281.8	281.8
282.8	—	282.8	282.8
283.8	—	283.8	283.8
284.8	—	284.8	284.8
285.8	—	285.8	285.8
286.8	—	286.8	286.8
287.8	—	287.8	287.8
288.8	—	288.8	288.8
289.8	—	289.8	289.8
290.8	—	290.8	290.8
291.8	—	291.8	291.8
292.8	—	292.8	292.8
293.8	—	293.8	293.8
294.8	—	294.8	294.8
295.8	—	295.8	295.8
296.8	—	296.8	296.8
297.8	—	297.8	297.8
298.8	—	298.8	298.8
299.8	—	299.8	299.8
300.8	—	300.8	300.8

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Copper prices ended the week on a firmer note for forecasts of warehouse stocks showing only a marginal rise. But although cash wire was gained £3.75 to £59 a tonne this was still £16 lower than a week ago. The previous day values had risen, bolstered by the weaker tone in sterling and news of a reported change in U.S. stockpile policy. Some dealers felt this might involve building up supplies again.

Nevertheless the general mood of the market, especially earlier in the week, was depression at the failure of expected consumer demand to emerge despite the ending of the summer holiday period.

The fall in gold, and the prospect of a reduced working week in Britain because of the drought, also undermined market sentiment.

close the December position on the London terminal market was £2.45 up on the week at £154.925 a ton—about £9.5 above the week's low. But the London daily raw sugar price ended £3 down at £127 a ton. It sank to £125 at the close, the lowest level since June, 1975.

The recovery in sugar was seen as a reaction to the earlier fall, which had been aided on Monday and Tuesday by reports of a cheap sugar was available.

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## MARKET REPORTS

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## INSURANCE, PROPERTY, BONDS

[illegible]

## OFFSHORE AND OVERSEAS FUNDS

[illegible]







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## MAN OF THE WEEK

### Off— with a bang

BY ROBERT MAUTHNER

M. JACQUES CHIRAC, the former French Prime Minister, relinquished his post this week in typical style—driving from his home without the least concern for the usual diplomatic niceties. In his short and sharp farewell statement, the 43-year-old son of a Radical-Socialist businessman, who became one of the youngest ever French Prime Ministers, did not even have the smallest word of thanks for President Giscard d'Estaing, with whom he had worked together for the past two years. The President had not given him the powers which he thought he required, and that was that.

Mr. Chirac, of course, has done it before, though with less far-reaching consequences. One of the most dynamic and able politicians of his generation, whose supreme confidence in his own abilities matches his great political ambition, has been blasting away for many years now.

Only a week or two ago, taking advantage of Giscard's absence on holiday in Africa and having



nothing to lose following his letter of resignation, which is now known to have been written as long ago as July 26, Mr. Chirac entered the lists again. This time, the U.S. was firmly told that it was interfering in the internal affairs of other countries by putting pressure on Pakistan not to buy French nuclear power stations.

"My bulldozer" is how his mentor, M. Pompidou, affectionately described him. "A suitable case for treatment," according to a former West German Agriculture Minister, Herr Erll, displaying bluntness exceeding even that of M. Chirac himself. All this may give the impression that the debonair ex-Premier, who is addicted to large size cigarettes and like to indulge in gargantuan meals, is not really fit to lead a government. The reverse is true, for M. Chirac is a consummate politician, a first-class administrator and a shrewd negotiator. His headstrongness is calculated and his decision in resigning was certainly taken after mature reflection.

In a different political context, the tandem of Giscard and Chirac, both products of France's renowned Ecole Nationale d'Administration, the nursery for top civil servants and many prominent members of the Government, would have been almost an unbeatable team. As it was, probably neither of them ever considered their association to be more than a temporary expedient, given their basic political differences.

Not that M. Chirac was ever an orthodox Gaullist. After being a militant left-wing student like everyone else at the age, Jacques Chirac was converted to Gaullism during the Algerian war of independence, during which he served as a tank commander on the Moroccan front. But his Gaullism was of the more pragmatic Pompidouian brand, than that of the revivalist De Gaulle variety.

His loyalty to M. Pompidou, who, when he was still Prime Minister, gave M. Chirac his first junior ministerial post at the tender age of 34, was unconditional and is the key to his subsequent political options and career.

If M. Chirac complained about his lack of powers, it was because he felt that he was not being allowed to wield the coalition force and that the president was too complacent about internal government divisions.

M. Chirac may well be right, but his resignation and the shock-waves it could produce risk bringing about the very victory of the union of the left which he has worked so hard to prevent. As far as his own long-term future is concerned, however, there can be little doubt that it will be bright. M. Chirac has joined the reserves only to prepare himself for the day when he will be called upon to captain the first team.

## Rain does little to raise hopes over water supply

BY ROY HODSON

SOME RAIN fell over London and parts of the South East yesterday as a shallow trough of low pressure passed through, but did little more than lay the dust, according to the Meteorological Office.

Pressure is expected to remain high over Britain and Europe and the dry spell likely to continue during the holiday week-end.

Cuts of 50 per cent in water supplies to industry in South East Wales will begin to be implemented next Wednesday.

However, Mr. Denis Howell, the water resources Minister, who is touring the area, gave assurances yesterday that essential industry and factories able to establish priority needs would be given adequate supplies. He estimated that 70 per cent of industry in the area could "get by" with half supplies.

### Links

Mr. Howell is expected to outline to a Cabinet meeting on Wednesday large-scale contingency plans for the next 15 months if supplies continue to stand at low levels. He said that the plan was now firmly committed to the idea of a national water grid.

Membership of the Emergency

Water Resources Committee was announced last night. Mr. Howell is to be chairman and the committee is to provide links between the Government and the main water consumer interests.

It will include Ministers from the Department of Industry, the Welsh Office, the Ministry of Agriculture, and the Department of the Environment.

The other members are: Mr. John Melhuish, director general of the Confederation of British Industry; a Trades Union Congress representative; Lord Nugent, chairman of the National Water Council; Sir Henry Plumb, president of the National Farmers' Union; and Dr. Michael Young, chairman of the National Consumer Council.

Farmers in drought-affected areas are to be helped by direct Government action. Mr. Fred Peart, Agriculture Minister, said yesterday that the brucellosis eradication scheme which enables farmers to claim up to £400 compensation for each animal destroyed, is to be brought forward in certain areas. The idea is to help farmers get rid of affected animals earlier and conserve fodder.

The Anglian Water Authority, Britain's biggest single water undertaking, yesterday became the first English area to seek powers to cut off supplies. Water

rationing is already being applied in South East Wales where 50 per cent cuts to industry will be applied in September if the drought continues.

In East Anglia cuts are planned to apply daily to Peterborough, Northampton, Bedford, and Lincoln from 6 p.m. to 8 a.m. The Anglian authority has more than 4m. customers.

An official said: "This is a precautionary move. We hope that we will not be driven to use these powers although they could be implemented within two weeks."

"It will be up to the public to continue making voluntary cuts. But if the situation does get worse then the cuts will be enforced."

The authority is prepared to go to the point of installing standpipes in the streets. The use of water for irrigation is already being cut by half in East Anglia.

The Thames is not, as had been suggested, draining away—it is simply flowing underground. Mr. Howell had apparently been over-hastily briefed when he announced that the river was leaking.

It is true, say Thames water officials, that some 15m. gallons a day are seeping through the riverbed on the stretch of the river between the strata below and is

being contained by the London clay bowl so that it helps to top up the subterranean water table miles further downstream.

The stone cleaning industry is one business sector which has had to make contingency plans during the drought. Last night an official of the cleaning and restoration section of the Federation of Stone Industries said there would certainly have to be some lay-offs among the 2,000 work-force employed by 100 member companies.

### Dry-cleaning

But the industry hopes to avoid serious losses of contracts by switching to dry-cleaning methods and by concentrating on the stone restoration work involved in many contracts in the hope that water will eventually be available to complete the cleaning. Sand-blasting is to be used to clean a number of buildings.

In some areas where water is still in good supply, particularly in Scotland, the cleaning of buildings by washing is to continue. But the use of water for the purpose will be banned in the London and Thames area from next Friday and will shortly be banned in other regions as emergency measures are introduced.

Other drought news, Page 9  
The unavoidable cost, Page 10

## Labour set for challenge of Stonehouse poll

BY RICHARD EVANS, LOBBY EDITOR

THE FORTHCOMING by-election at Walsall North, caused by the resignation yesterday of Mr. John Stonehouse, will give the Government an opportunity to increase its Commons strength at the start of what promises to be an arduous Parliamentary session.

If Labour wins the seat, it would have an effective overall majority of one over Opposition parties.

Mr. Stonehouse's decision to quit by applying for the Children's Pensions Bill, which would have increased the age of pensionable relief to Ministers and MPs of all parties.

The alternative would have been to await the outcome of his appeal against a seven-year jail sentence for fraud and other offences and, were the appeal unsuccessful, to expel Mr. Stonehouse by Commons resolution.

The by-election is expected to be held in November near the start of the new Parliamentary session. Labour Party managers are confident the Government will hold the seat, but although Mr. Stonehouse had a majority

of 15,885 at the last general election, the outcome is by no means certain.

The Government's performance in recent by-elections, in safe Labour seats at Rotherham and Thurrock, has been poor even though both seats were retained.

At Walsall the personal factor on Mr. Stonehouse's disappearance and his subsequent conviction make the voting intentions of Labour supporters particularly difficult to evaluate.

The Labour candidate is Mr. David Winnick, a left-wing socialist who was MP for Croydon South from 1966 to 1970.

Welcoming Mr. Stonehouse's decision yesterday he commented: "Fair minded people who normally vote Labour are not likely to penalise us because of the behaviour of one individual who is now bitterly anti-Labour. I am confident but not complacent."

The Conservative candidate is Mr. Robin Hodgson, a company director, who fought the seat last time. The Liberal is Mr. Ted

Richards. Dr. Frank Hansford-Miller, chairman of the English National Party, will probably stand to defend the seat and the National Front, which had an impressive vote at Thurrock, is also likely to field a candidate.

Walsall North is the only by-election pending at present although others will take place towards the end of the year or early next year at Cambridge and Birmingham Stetchford.

The Cambridge vacancy will occur when Mr. David Lane resigns as Conservative MP in order to become chairman of the Commission for Racial Equality.

His resignation is expected in the autumn once the Race Relations Bill becomes law. At the last election Mr. Lane had a majority of 4,676.

The timing of the Stetchford by-election depends on when Mr. Roy Jenkins, Home Secretary, resigns as MP before taking up his post next year as president of the European Commission.

Present indications are that he will remain an MP until near the end of the year. His majority in 1974 was over 10,000.

## Iran and Occidental fail to reach an agreement

BY STEWART FLEMING

NEW YORK, August 27.

IRAN and Occidental Petroleum, the U.S. oil and chemical company, have failed to reach agreement on a proposed oil sale, according to a source familiar with the negotiations.

The source said the two companies have had to Iran investing \$125m. in Occidental and taking a 10 per cent stake in the company.

After the announcement, the shares of Occidental were suspended from trading on the New York Stock Exchange to let investors adjust to the information.

The announcement that Occidental and Iran had signed a letter of intent which would have led to the first "downstream" investment in a well-established oil company by a member of the Organisation of Petroleum-Exporting Countries was made on June 21.

The two parties envisaged quite wide-ranging collaboration, not only in the oil business but

also with Occidental apparently expecting to participate in projects in Iran, including cattle-ranching. Oil industry analysts in New York also suggested that Occidental's chemical and fertilizer technology presented another area of prospective collaboration.

The initial announcement was, however, treated with some scepticism by investors who have grown used to Occidental's ambitious plans but have doubts about its ability to realise their full potential.

Thus, while the prospects of a link between the company and Iran was seen to hold out considerable benefits for Occidental, its share price did not move up very sharply with the announcement.

Among the advantages which analysts felt could have flowed from the deal was the diversification of Occidental's oil supplies,

a development which could be of great importance to the company in the light of its dependence on Libyan oil, and the difficulties it has had in the past with this relationship. The serious decline in the profits of its oil operations last year stemmed from difficulties with the Libyans.

Another anticipated benefit was a final decision to proceed with the company's Canvey Island refinery, the development of which has been stalled in spite of the company's need for fuel capacity. It was anticipated that Iran would share in the development and financing of this project under the agreement.

Now it seems Occidental must face up alone to the problems which the Iranian connection might have helped to solve.

There was no comment from the company today on the breakdown in the talks, nor on its future strategy.

## S. African police accused of incitement

By Graham Hutton

JOHANNESBURG, August 27. An uneasy calm settled over Soweto today after a week of bloody violence in which at least 34 people died, some from police bullets and some in the course of fighting between supporters and opponents of a massive work boycott.

An editorial in today's Rand Daily Mail calls for a full inquiry into reports that police not only encouraged migrant workers in Soweto to violence but that they incited them to kill. The paper claimed the matter was far too serious to be dismissed by the Commissioner of Police as "utter nonsense."

Meanwhile, industry is counting the cost of the worst disruption for more than a decade. Senator Anna Scheepers, a well-known trade unionist, said: "In this week alone three months' profit has been swallowed up."

Mr. Murray, director of the Transvaal Chamber of Industries, said many workers would have their pay docked but Mr. Ronnie Webb, president of the Trade Union Council of South Africa, warned that such a move could spark further unrest, as it would mean starvation for many.

The Rev. Alan Hendrickse, national chairman of the Coloured Labour Party and a former chairman of the United Congregational Church, and Mrs. Jane Phakati, a regional director of the Christian Institute are among the latest black leaders detained by security police.

They are among 18 people said to have been held under security legislation in addition to the nearly 200 people listed recently as having been detained.

Security police yesterday detained Mr. Peter Magubane, 45, a Rand Daily Mail photographer under the provisions of the Internal Security Act which allows for indefinite detention without trial.

Mr. Raymond Louw, editor of the Rand Daily Mail, said last night "Peter Magubane was in the forefront of the Mail's news-gathering team in Soweto and his photographs spoke eloquently of the horror that erupted there."

"Determined efforts have been made to prevent his pictures being published—he has been arrested by the police twice and his cameras and films have been confiscated on occasion. Now the police have taken the ultimate step: indefinite detention."

White options in South Africa Page 9

## Profits claim against dog racing stadium

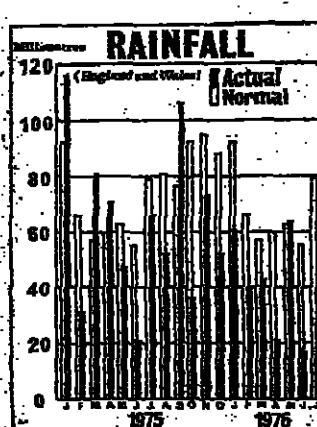
THE PRICE Commission is claiming that the Walthamstow Greyhound Stadium Company made excess profits of £125,000 between May 1, 1973, and November 30, 1975, and it wants the alleged excess returned to racers by price reductions or other measures.

The directors of company said yesterday: "This claim and the basis upon which it has been calculated are disputed and are being strongly resisted." They plan to meet Price Commission officials to discuss the matter.

## THE LEX COLUMN

# Hard going in the drought

Index fell 4.3 to 352.0



The gilt-edged market sneezed at the money supply figures published on Monday—there has been talk most of the week about higher interest rates—but it is the equity market which has caught a cold. Down 18.5 points on the week, the 30-Share Index is at its lowest for nearly ten months; the decline since the peak of 420.8 at the beginning of May is a sixth. It is very hard to make the various economic statistics (such as those for unemployment this week) add up to anything but a very weak economic recovery. And, as the drought drags on, sterling has turned weak again.

### Thirsty work

Some of this week's individual share price movements were beginning to tell something of a weather story. Thoughts about milk yields have presumably helped Unigate to fall 10 per cent this week; while cancelled meetings and the damage that hard going does to the size of fields cannot have been much help to Ladbroke, also down a tenth.

The prospect of a three-day week because of restricted water supplies was ruled out yesterday by Mr. Howell. So for the time being at least the market can resist the temptation to make comparisons with the early months of 1974 when the coal miners brought large parts of industry to a standstill.

South Wales apart, most industrialised areas of the country have enough water to last well into the autumn (when one must hope that it will rain) before applying any dramatic restrictive measures to water consumption. Large parts of industry are self-sufficient in supplies and therefore not necessarily subject to restrictions hitting at the private consumer. And anyway the parallel with 1975 is not necessarily clear-cut since much of industry is able to re-cycle water, notably for cooling purposes.

However, over the past month the heavy engineers in the Midlands and North East and North West—again areas of generally good water supply. And in fact many companies, including the hopelessly reducing its price of the drought will force the water authorities to increase capital spending. The public accounts for just about a spending White Paper in February projected sharp cuts in expenditure on water and sewerage plants for financial years subsequent to 1975-76. The pump, valve and pipeline suppliers are hoping to pick up extra business from enforced changes which may—if the drought persists—have to be made to official programmes.

British Leyland.

The parent's capital has shrunk to £23.6m., an adequate support for deposits of £55m., though it will rise to £55m. after the £30m. issue. Overseas the U.S. and European depositary appear to be favourable—adequacy of water supplies have receipts (ADRs and EDRs) with interest. Japan's Ministry of Finance is expected to allow some 90 per cent of the 350m. gallons it uses daily, a large part of which is recycled. The independent steel groups, based as they are mostly around Sheffield, are generally situated in areas of good supply.

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### UDT

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